







Digitized by the Internet Archive  
in 2023 with funding from  
University of Toronto







CA2φN PM81

-65V26

①

Government  
Publications

ONTARIO ADVISORY COMMITTEE ON CONFEDERATION

---

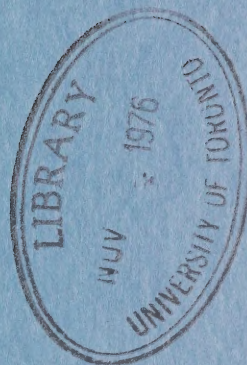
M E E T I N G

held at

950 Yonge Street, TORONTO

on

FRIDAY, JUNE 24, 1966



VERBATIM REPORT OF PROCEEDINGS

---







ONTARIO ADVISORY COMMITTEE ON CONFEDERATION

---

PRESENT:

Mr. I. Macpherson

Prof. A. Macpherson

Dean E. Macpherson

Mr. J. Macpherson

Mr. W. A. Macpherson

Mr. J. Macpherson

Prof. R. C. Macpherson

Prof. J. Macpherson

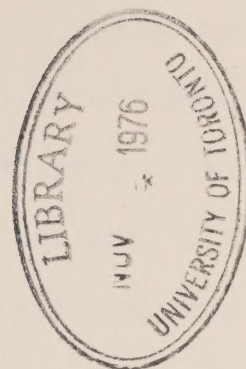
Prof. E. Macpherson

Mr. M. Macpherson

Prof. T. Macpherson

Mr. D. Macpherson

Mr. J. Macpherson



M E E T I N G

held at

950 Yonge Street, TORONTO

on

FRIDAY, JUNE 24, 1966

---

VERBATIM REPORT OF PROCEEDINGS

---







ONTARIO ADVISORY COMMITTEE ON CONFEDERATION

-----Meeting held at 950 Yonge Street, Toronto,  
on Friday, June 24, 1966.

PRESENT:

Mr. I. Macdonald (Chairman)

Prof. A. Brady

Dean R. Dillon

Dr. G. Forsey

Dean W.R. Lederman

Mr. C.R. Magone

Prof. R.C. McIvor

Prof. J. Meisel

Prof. E. McWhinney

Mr. M. Seguin

Prof. T. Symons

Mr. D. Stevenson)

) Co-Secretaries

Mr. R. Farrell )







-----At 3.30 p.m.

THE CHAIRMAN: Gentlemen, Hea is about to arrive momentarily, but we might at least get launched on our plenary session.

One or two preliminary remarks I would like to make. I do not want to indulge in a Rotarian procedure here by making recognition of all the honours that have come to members of the Committee, but I would mention our congratulations, I am sure, to Professor McWhinney on his new appointment at McGill University, and one, I think, which should be appropriate for this Committee - having a representative in that quarter of the country.

DR. FORSEY: In space.

PROF. MEISEL: Up in the air.

THE CHAIRMAN: That might be the same thing. In addition, Dr. Forsey has moved into the Canadian peerage in the form of membership of the board of governors of a Canadian University - Trent University; and several members have taken honorary degrees.

DR. BRADY: I thought you were going to say he was going into the Senate.

THE CHAIRMAN: I think we are all sobered by the observation in the reports from the Legislature last month, when wevery nearly became not only dollar-a-year men but a dollar-a-year committee, which would have reduced us to some







seven cents per man, I take it; but we managed to get over that hurdle and we are still constituted with our official funds.

On a more serious note, I am sure you will be as distressed as I was to learn that our colleague Father Matte had a heart attack recently and has to be laid up for an indefinite period of time.

The acting president of his ~~university~~ wrote to me and said that Father Matte had asked to have his regrets conveyed to the Committee for the meeting to-day. I wrote to him on my own behalf with best wishes for his speedy recovery, and I thought the Committee as a committee might wish ~~me~~ to convey some more formal message of concern to Father Matte.

DR. FORSEY: I would be glad so to move.

THE CHAIRMAN: thank you.

PROF. CREIGHTON: I would second it.

THE CHAIRMAN: I will certainly attend to that. I wonder if there are any other general matters before we turn to the agenda?

I thought this session would be useful to perhaps gather together our program for the summer. I am presuming that the Committee as a plenary committee may not wish to meet now until September, although I understand and expect that the sub-committees as sub-committees may wish to







have some continuing discussion during the summer on their work. In that case, let us proceed.

Mr. Perry is away to-day. He called me at six o'clock last night and said he might find it a little difficult to come; and I realize, of course, that the Bank Act revisions are expected to appear on Monday, which undoubtedly explains his present preoccupation.

Professor McIvor will report on behalf of the Economic and Fiscal Sub-Committee.

PROF. MCIVOR: Gentlemen, we have explored rather briefly a number of issues that we think we might usefully refer to our staff for work during the summer months.

The first topic we considered is that of all-shore mineral rights. So far as the Province of Ontario is concerned, this relates to the extension of the territorial boundaries of the Province of Ontario to encompass a part of Hudson's Bay.

We were discussing whether pressing for the appropriate constitutional provision might be appropriate, and what sort of bargaining terms might be involved if we were to ask for this sort of constitutional modification.

In any case, the Committee is going to study the possible economic conditions of the extension of territorial boundaries in the province





and any constitutional problems that may be involved.

We spent a considerably greater amount of time on the topic of the constitutional implications of a water resources policy. It is a general view, I think, which would be shared by us all that the matter of appropriate national water resources policy is likely to be one of greatly increasing importance during the next few years, and it, of course, involves rather fundamental economic, technological and constitutional questions.

I think as a sub-committee we propose to spend a very considerable amount of time in the coming year on this whole issue of appropriate water resources development, and the sort of co-ordinated policy that may be appropriate between the federal government and the provinces.

We considered briefly the possible implications of allocating tax authority between different levels of government; and the practical significance of this, of course, is that if in the forthcoming new set of federal-provincial fiscal arrangements it is proposed that a significant reallocation of taxing fields be undertaken, just what the most appropriate reallocation might be. Then we would hope, in conjunction with our constitutional colleagues to explore some of the problems that would be involved in effecting this reallocation.

In particular, what is likely to happen





is that whereas the federal government has been using the field of direct taxes (notably the personal income tax and, to a slight degree, the corporate income tax) as an area for tax abatement to the provinces, what may well come is that the federal government may be much more disposed in the future to explore the use of certain other tax fields - notably the sales tax field which, while constitutionally accepted as a direct tax, has a sort of shadowy area here. If it were to be proposed that some part of excise tax, tobacco tax and so on be turned over, there are some substantial constitutional implications here. This is another area in which our committee and staff is going to work during the summer.

We also referred to them the question of the most appropriate arrangements for the implementation and discharge of a national monetary policy and debt policy. This is exclusively the prerogative of the federal government and has been administered exclusively by the Bank of Canada.

Certain provinces have advanced the view that perhaps a more effective provincial and regional representation or influence should be introduced into the formation of our national monetary and debt policies. We are interested in finding out what the most desirable form of any additional provincial influence might be - whether indeed any





additional influence is desirable or not and, if so, what the consequences of this might be on the nature of the monetary and debt policies arrived at, and whether the changes might be desirable or undesirable.

Closely related to that is our concern with the problem of more effective control of the non-bank financial intermediaries by the federal government through the Bank of Canada.

The Porter Commission has done a great deal of work on the economic arguments in favour of greater control of non-bank intermediaries and the extent to which this control should be attempted. There are some considerable constitutional implications, I think, which we would have to discuss with our constitutional colleagues.

Unfortunately, we had a very brief period of time in which to look at the economic aspects of a national education policy. Our discussions centred around the proposition that it might be useful to establish a number of national science and technological institutes in this country. We would like to explore the desirability of this move, the form in which it might be accomplished, and the pattern of co-operation between the federal and the provincial governments that might be established to carry this through.

It was also agreed that perhaps the





matter of the role of the provincial and federal governments in science and technology represented simply one corner of a much broader field - the joint role of these governments in higher education as a whole.

So we propose to have some work done on the matter of desirable direction of development of a national education policy, particularly with reference to the participation of the federal government in higher education, in which science and technology would be simply one area of the field.

This is the range of topics we have turned over to our staff for some exploration during the summer months, hopefully with useful results.

THE CHAIRMAN: Hopefully with meaningful results.

PROF. CREIGHTON: Meaningful results, in the event that ----

DR. FORSEY: In terms of volume of work produced.

PROF. CREIGHTON: Prior to the meeting of the autumn session.

PROF. McIVOR: Well, we hope literally to rebuild the foundations of Confederation.

THE CHAIRMAN: Are there any questions, any elucidations called for, any strong objections to any of this approach?

Our staff will be working on this





material and, as Craig has said, will have it in our hands in the early autumn.

MR. STEVENSON: As I mentioned to you this morning, the papers that Professor McIvor was fingering we are having reproduced to-day, and they will be available for distribution before the end of the afternoon.

THE CHAIRMAN: Fine.

MR. STEVENSON: We just thought we would just send them to the Fiscal and Economic Subcommittee.

THE CHAIRMAN: These will give some further guidance and background to our thinking. If this is agreeable, we might go on.

You will have to advise me as the day developed, what arrangements were made between the constitutional and the cultural committee and the augmented version of the two. Perhaps, Bill, you would like it to be here.

DEAN LEDERMAN: Mr. Chairman, I thought what we dealt with this morning in the constitutional committee and which we dealt with specifically in the augmented committee, was this list of constitutional topics which we put up last time, a month ago, and which Mr. Robarts said he would like to see dealt with; and we have been able to take account of the studies that are in progress, and also to get commitments on other studies.





In the main the features of the list are now pretty well covered by work to be undertaken this summer. I will just go through the list briefly for the record, if you like, and for those members of the Economic and Fiscal Committee who have not been looking at it lately perhaps.

The first topic was the legislatures and executives in the federation. Dr. Creighton is already doing a paper on the Canadian Senate. Professor Watts at Queens is doing a study this summer, will produce a study on second chambers generally; and Doctors Forsey and Creighton have agreed to collaborate on a general treatment of this subject. That is the first topic.

(2) Amendment of the constitution.

I am committed to producing a paper on this during the summer.

Third topic: constitutional interpretation and the Supreme Court of Canada. We have already dealt with this extensively in the Committee. We have produced a report on it, and when the time comes to write it up, some one of us can do it with quickly/no need for any more special studies there.

Fourth, the question of civil liberties and minority rights; individual rights and group rights, and so on. You will recall that at our meeting in May, Mr. Roberts and Mr. Wishart suggested that we ought to wait for the report of the



McRuer Commission on this subject. It now appears that this report is not as imminent as it was thought; in fact I think it is still many months away.

What we have here was that the expectation about group rights in the Province of Quebec and the expectation in the Province of Quebec about how to safeguard group rights or provide for them, that this ought to be looked at. Professor McWhinney has agreed to take a look at it to see (as our man in Quebec now); so further studies may be necessary later, but the question of expectations in Quebec about group rights will be dealt with by Professor McWhinney.

The fifth topic - Co-operative federalism. Dr. Brady is working on a major paper on the dominion-provincial conference, and we think that in the main that covers what ought to be done under this heading at the present time.

We also thought though that your staff, specifically Mr. Delisle, could do a study of the inter-government agreements in the country related to the question of arbitrating differences. There have been two or three instances of differences between a province and the federal government that were sent to the Exchequer Court or sent to specially appointed commissioners, and we thought that what has happened in this respect and what the





fields are in this respect ought to be looked at, though there is very little formal legislation for this in the country at the moment, but as inter-government agreements multiply we are going to confront this in the future. A preliminary study on just what adjudication and arbitrating devices have been used so far, could be done quite readily, and Mr. Delisle, I think, will be doing that.

Then speaking of international relations and the federal and provincial governments, Mr. Delisle has been working for some months on this. He has a major paper on the principles in evidence and also a report on his interviews in the departments of the Ontario Government on the arrangements they have with bodies and governments outside the province. Both these documents are in manuscript at the moment. I have had them for two or three weeks and have read them, and I think they cover the ground very well for the moment for us. We are suggesting that these two documents and certain supporting documents from government files should be reproduced and circulated. This will give everybody a very interesting picture of just what is the extent of inter-governmental agreements concerning the Province of Ontario, just what the extent of this is.

In general terms, it appears that Ontario





has been very careful to obtain federal authority where there was any need of it. My general impression from this investigation is that it reveals that Ontario has not been improperly in the international relations field in any way; that the primacy of the federal authority in international relations has been respected.

So what this study indicates is, I think, that no accusing finger can be pointed at this province or Quebec or any other province about the manner of conduct of our external arrangements, trans-border arrangements; but there is a lot of detail and it is very interesting and, I think, ought to be reproduced and circulated, Mr. Chairman, probably to the whole Committee.

The seventh topic: Basic sociological factors shaping public attitude to Canada's federal institutions. This is an important area of research, but we decided that anything that was done in this area would have to be carefully considered and would be a long-range project and we are leaving this one in abeyance for the moment. We have no plan at the moment for getting on with this, but we do think it is something that we must bear in mind, and something that we will have to come to in a few months when we get some of the other more immediate subjects done.

We are also conscious of a topic that



is not on the list here - the topic of regionalism in Canada; and we were thinking mainly of the economic-geographic regionalism, with the implications that this has for constitutional arrangements. Our impression was that there is quite a literature on this now in various learned journals and reports of conferences. Mr. Stevenson and the staff assure us that the bibliography and possibly some reprints of key articles could be put together that would give quite a picture of regionalism in this country. We thought perhaps it was the first thing to do in this regard; that after that we could examine the constitutional implications of regionalism.

This is going to ~~get~~ us into common ground, quite naturally so, with the studies that Professor McIvor was speaking of in connection with natural resources, and I am sure there is overlap here but quite a healthy and proper one. It might call for some joint session of the Economic and Fiscal and the Constitutional Sub-Committees.

PROF. McWHINNEY: What would be the difference between that and the plenum?

DEAN LEDERMAN: If we augment enough, we are all here. Perhaps that is what we should do more than we have been doing. That is the report, Mr. Chairman.





THE CHAIRMAN: Well, thank you very much. I feel that the net effect of these two reports and the work they describe has given us a very meaty agenda for the summer and things that should lead to some rather practical consequences.

Now, any observations on this report? Might I ask what was the basis of interest in the last point, the additional point on regionalism? How did that come up?

DEAN LEDERMAN: Perhaps Dr. Brady might speak to that point.

DR. BRADY: Well, it came out of a discussion of item 7 - the basic sociological factors shaping public attitude to Canada's federal institutions.

I mentioned that the kind of factors that Professor Meisel had in mind are related to economic regionalism in part, which was a potent influence on the functioning of our federal institutions; and that we should bear in mind in discussing the federal institutions the significance of regionalism.

THE CHAIRMAN: That's fine. I was just interested in the background of this.

PROF. CREIGHTON: Perhaps you saw, as some of us did, the article in the Financial Post of a fortnight ago perhaps, entitled "Office copy-cats may find themselves under review" or something





like this. It has just been pointed out to me that we have here excerpts on the French Canada question distributed freely by this office, two chapters from a book recently published. So you are yourselves guilty of this misdemeanour, crime or whatever it may be being carried on, I gather, so extensively. Whole chapters of books are being distributed in the schools, I understand, freely for this purpose.

THE CHAIRMAN: We would put forward the most benign innocence in this affair, I can assure you, and trust it will not be betrayed to the world at large.

PROF. McWHINNEY: At least not to Andy Thompson.

THE CHAIRMAN: That is a very good point.

PROF. McWHINNEY: Donald is the principal sufferer.

PROF. CREIGHTON: No, not at all; I am just a mild sufferer. There are others who are more victimized than I am.

THE CHAIRMAN: That is a very good point.

PROF. MEISEL: Perhaps we can send Ramsay a batch of his reprints here.

PROF. CREIGHTON: Yes, you see, the real thing, what you should have done is gone out and bought fifteen or sixteen or eighteen copies of the little book, and then he would have got



royalties on each one of them.

THE CHAIRMAN: Where does the law stand on this point?

PROF. CREIGHTON: This is what Bill had evidently been called in to direct this investigation on.

DEAN LEDERMAN: I told them it would take about two years.

THE CHAIRMAN: I guess we are safe for a while.

DR. FORSEY: Now you know "Big Brother" is watching.

PROF. CREIGHTON: Apparently the publisher is Marsh Jeanneret of the University of Toronto Press.

DEAN LEDERMAN: Yes, the Canadian Copyright Institute, but they realize that modern technology has run away ahead of the law in this respect, and that a whole new look at the thing is necessary. I am supposed to get a research team to do this over the next two years.

PROF. CREIGHTON: Excuse me, Mr. Chairman, for the interpolation.

THE CHAIRMAN: I am most interested in this because there was a similar point brought to my attention the other day by someone who was speculating upon it.

There is a firm of consulting economists





who put together an economic forecast periodically which has attracted some prestige in the business community, and this service is offered for quite a sum of money.

The question was raised if an individual in firm X should photo-copy it and distribute it to his fellow economists in firms Y and Z, and so on, what would this do to the ----

PROF. MEISEL: Might it not even increase their profits enormously, because it makes their probably questionably-based forecasts self-fulfilling prophecies, and the more people that read it the more likely it is that his forecasts come true, so that they really win in the long-run.

DR. FORSEY: I gather that at Ann Arbour they do this thing on a large scale. Somebody wrote a while ago and asked me how he could get hold of <sup>the</sup> one book I ever wrote, and although I wrote the book I said I didn't know; that it was out of print and as far as I knew you couldn't buy a copy. And he said: "If I can't get it, of course I can always ask the people at Ann Arbour to use --"one of those portemanteau words I have never seen before but it meant copy it out for him.

PROF. CREIGHTON: Xerox?

DR. FORSEY: No, it wasn't that. Even I know that. This was more elaborate. So I





mildly observed that probably he had better ask the Oxford University Press before he did this.

DEAN LEDERMAN: I am not wearing my copyright hat here, Mr. Chairman.

PROF. McWHINNEY: We have been lodging protests with the Soviet Government because they do this, in the last couple of publications.

THE CHAIRMAN: We have clearly been wearing our copy-cat hats.

PROF. MEISEL: Mr. Chairman, I am not sure in what form we are discussing this particular problem, but I would like to add another dimension to it. Would there be some point in our receiving the Hansard for the Ontario House? I suppose one can subscribe to it.

THE CHAIRMAN: We can certainly let you have it. Whether you want to read it or not is another question.

PROF. MEISEL: Not all of it.

DR. FORSEY: I ask to be excused!

PROF. McWHINNEY: How big is it in terms of a pile on a desk or chairs?

THE CHAIRMAN: The last year's I would say, the last session occupies about two and a half linear feet.

MR. STEVENSON: But you get also the votes and proceedings and the orders of the day.

THE CHAIRMAN: And the bills, private and governmental.



DEAN LEDERMAN: I would prefer the staff to send us excerpts that they think are relevant.

PROF. CREIGHTON: Hear, hear'.

DR. FORSEY: Surely if there is anything of specific interest to us, the staff has an eye out for it.

THE CHAIRMAN: We have been culling through with that in mind.

DR. FORSEY: What I am afraid of, I wasn't being rude about the Ontario Legislature, but you can easily, in my experience, get an enormous amount of reading matter coming in which it is quite impossible to keep up with, but which my duties as a member of the Committee mean I ought really to have a look at, and it would just finish up that you go around with a bad conscience.

THE CHAIRMAN: We will send extracts to all members of the Committee except Professor Meisel, and we will arrange to have an official copy sent to you.

PROF. MEISEL: I was going to say I will withdraw my request.

THE CHAIRMAN: Would you like to take some tea back to your places, and then we might carry on with the cultural report?

-----Short recess.

THE CHAIRMAN: Could we reconvene,





please? I know there are one or two anxious to leave in the neighbourhood of four-thirty, and I would like to get on to set out our plans for future meetings before they depart.

While we are waiting for Professor Brady, the report on research and progress with one typing error, we might just look at that for the moment, item 9.

PROF. CREIGHTON: It should be "Professor Lederman".

THE CHAIRMAN: I think we have got you booked for enough.

PROF. CREIGHTON: I have been practising going on with the delaying tactics with respect to No. 8, which I think in the end will become not really greatly necessary, and I have got more than enough to do this summer without it.

THE CHAIRMAN: This was an attempt to give us an idea of our progress or our prospect of progress, and then there have been items added to it which we will try to consolidate and send around to you which you might like to have.

Are there any questions on that item before we revert to the cultural?

DEAN DILLON: I have one point, Mr. Chairman. In listening to the report of the Constitutional Committee and also our own Economic and Fiscal Committee, it struck me that there is



a very large list of topics.

Could I suggest that perhaps the policy committee set up some priority system, so that those subjects which are considered to be most important are in fact handled this summer?

THE CHAIRMAN: All right. I am sure it will be useful for this review to be undertaken. A number of these things are on commission and a number of them are under way by the staff here, but particularly in the new areas I think we might sort them out in that sense.

Would you like to report then, Professor Brady, for the cultural committee?

PROF. BRADY: Yes. My report will be very brief, Mr. Chairman. I have no very formal document.

The Cultural Affairs Committee spent the morning discussing points in what will be its report submitted to the Advisory Committee probably in September, at its first meeting, on French schools, primary French schools, secondary schools, and perhaps generally on the place of French in the school system. This is thought to be one of the important aspects of cultural affairs in Ontario with which it is concerned.

This report on it will result from our discussions in recent meetings of the Cultural Affairs Committee and work that some of us have





in hand to do between now and September.

I do not think there would be much point in touching on specific features of this prospective review, because it is not really in adequate shape to submit it before the general committee at the present time.

There is one matter we also discussed that is of very considerable interest, I think, to the Advisory Committee as a whole, and that refers to cultural exchange between Ontario and Quebec, and between Ontario and other provinces.

Some time ago it was suggested in the committee that Mr. Symons, who had done so much in preparing the report on cultural exchange, might have a conversation with the Minister of Education, Mr. Davis, and find out from him just what was going on in this field of cultural exchange. We got the impression that nothing really had been happening, although the money had been allocated and voted; and we felt that it would be well to have a look at the follow-up.

Mr. Symons had a long discussion with Mr. Davis on the matter, and I propose to ask him to report to the Committee his impressions obtained in that interview at the ministry.

PROF. SYMONS: Mr. Chairman, as Professor Brady has explained it, at the request of the Cultural and Educational Sub-Committee I did arrange



to see the Minister, just to inquire what progress there was in regard to the cultural exchange report that we had recommended to the government; and also having in mind one or two indications of wish on the part of the Minister to have an opportunity to discuss the report in a little more detail with some member of the Confederation Committee; because, as Professor Brady has said, the project has, of course, been approved and not only announced in the Budget but a sum of money, a quarter of a million dollars, approved at the Estimates.

I think that the project has up until now been stalled for a variety of reasons, one of which I think is the uncertainty which was felt by the Minister as to the most appropriate way in which to begin this project. I think another reason, frankly, was that he was simply too busy to be able to get at it.

The Minister made clear that he continued to be very much in favour of the proposal; that he felt almost embarrassed at being in the position of having an allocation to get on with spending it, without having had an opportunity to initiate the necessary organization and arrangements to spend it in the most appropriate way. He said that he would be grateful for a little further assistance in connection with the exchange program from our Committee on two points in





particular. The first report which was forwarded to him with the endorsement of our Committee last fall, recommended a cultural exchange program, and I think that he would appreciate the preparation of a number of parallel reports or the revision of that cultural exchange report, dealing with related programs of educational exchange. I think that he would look forward to the development of an omnibus educational and cultural exchange program based on that earlier report. So that was his first request for additional assistance from our Committee.

The second was in the matter of finding someone with appropriate qualifications to initiate a program of cultural and educational exchanges. He felt that quite rightly this was a very important appointment, and one on which the whole spirit and success of the exchange program probably turned; and he asked if we would say whether there were suggestions that we might be able to make to him of a person or persons who would have this kind of interest and whom he might then approach to discuss the possibility of taking on the initiation of the exchange program.

I reported these two matters to our Cultural and Educational Sub-Committee this morning, and the sub-committee felt that in each case it did want to give as much assistance as they could;



that it was appropriate as a kind of follow-up to the earlier report in suggesting such an exchange program.

We are therefore proposing to prepare a further short brief outlining proposals for an educational exchange program that would be related to the cultural exchange program; and also to see whether there would be some way in which we could assist the Minister by suggesting interested individuals for this position.

In doing these tasks, I know that we would be very grateful for any suggestions that members of the plenary committee would be kind enough to give us, both in regard to the nature of the educational exchange program and also in regard to possible individuals who might have the interests and the qualifications to take on the direction of the exchange program.

I think these were the matters that arose in this regard.

THE CHAIRMAN: You feel there is some urgency in both these matters.

PROF. SYMONS: Indeed.

THE CHAIRMAN: And I think you would like to have these suggestions directly, such as they might be, as soon as possible.

PROF. SYMONS: Yes, I would, Mr. Chairman. The sub-committee asked if I would take on the





task of receiving and compiling and co-ordinating suggestions for a person for this position. If you would wish me to, I am prepared to do so. I would hope that it might be possible to get somewhere with this within the next two or three weeks, at least to finding some possible persons.

It is, of course, a matter for the Minister to decide, but I think we can appropriately give him suggestions of interested people.

THE CHAIRMAN: Well, the Minister did speak to me again about this yesterday, and it is true it has been slow-moving; but there have been many reasons for this, and he is certainly anxious to get it under way.

Is there general agreement then that Professor Symons should co-ordinate that matter?

Are there any other questions or observations on the Cultural Sub-Committee?

PROF. SYMONS: Just to emphasize, I really would welcome suggestions from fellow-members of our Committee, and hope that my colleagues would be kind enough to think of the matter over the week-end and perhaps let me have a note of any suggestions they might like to make during the coming week.

PROF. CREIGHTON: The two languages would be essential.

PROF. SYMONS: I think absolutely.

THE CHAIRMAN: Do you know of any civil



servants in Quebec who might be disinclined to remain in their present role?

PROF. BRADY: I don't think we could have civil servants.

PROF. MEISEL: Jean Lesage.

THE CHAIRMAN: The final question is that of our plans for future meetings.

I presume there are three things we want to consider here: first of all, whether we wish to meet at any point as a full committee during the summer; secondly, if not, when we resume in the autumn; thirdly, what arrangements you might wish to make as sub-committees during the summer.

PROF. BRADY: May I suggest, Mr. Chairman, that the Advisory Committee not meet during the summer?

THE CHAIRMAN: Not meet during July and August as a Committee?

PROF. CREIGHTON: Hear, hear!

THE CHAIRMAN: Is that agreed?

-----Cries of "Agreed".

THE CHAIRMAN: Would you wish to resume in September and, if so, continue the present practice of the third Friday, which would be September 16th? Is that agreeable? Well, we will resume as full committee on Friday, September 16th.

Now, as far as the sub-committees are





concerned, it has been intimated to me that the committees might wish to meet in some form during the summer. The question is how you would like to facilitate this. If the committee chairman feels that this is desirable, would he like to communicate with Mr. Stevenson, and we could then perhaps look after the administrative arrangements for such sub-committee meetings? Would that be the best plan?

PROF. CREIGHTON: Fine.

DEAN LEDERMAN: It sounds like a good arrangement, Mr. Chairman. Whether the Constitutional Sub-Committee, augmented or un-augmented, is to meet during the summer, will depend on how we get on with these things.

THE CHAIRMAN: How the work goes and when and how people are available.

DEAN LEDERMAN: We will just have to have correspondence about it, and I undertake to correspond and find out whether a meeting will be useful and, if so, I can communicate with you.

THE CHAIRMAN: Certainly if it is more convenient and the committee chairmen wish to employ the telephone for this purpose, now that we have more than one dollar to play with.

DEAN LEDERMAN: We can reverse the calls, can we?

THE CHAIRMAN: We can proceed in that manner.



DEAN LEDERMAN: I understand there is a government line to Kingston. I don't know how to get on the Kingston end of it though.

THE CHAIRMAN: Closely guarded secret.

DR. FORSEY: I suppose there is nothing to prevent a sub-committee from meeting elsewhere if they find it convenient, is there?

THE CHAIRMAN: By all means.

DR. FORSEY: I am thinking there is the possibility Dean Lederman might wish to convene us at Kingston.

DEAN LEDERMAN: We can certainly arrange this.

THE CHAIRMAN: The Minister of Education half-humorously and half reproachfully said to me yesterday: "I understand you are not meeting in the Delawanna Inn after all in Honey Harbour".

Perhaps after we have adjourned, if the committee chairmen have any thoughts at this juncture about meetings in the near future, you might discuss these many facilities.

Otherwise, is there any other business for the full committee?

DR. FORSEY: Mr. Chairman, I would like to raise one point arising out of those Ontario Hansard reports that we get.

I am not impressed by the criticisms of the Opposition, which I think are wrong-headed





and I think have already been answered; but what is new there is the repeated statement by the Leader of the Opposition that he has had apparently from two or more people somewhat bitter complaints that ~~this~~ Committee is not going in for more publicity.

I don't know where this can have come from. I am certain there is one member who never said this to anybody, let alone the Leader of the Opposition; but if there are people on this Committee who think we ought to be taking a different line, I think they should speak up; because I understand (though I haven't been here for the last two meetings) that we were all of the opinion that the reports we were making to the Premier should be kept confidential.

THE CHAIRMAN: Well, at the last meeting, which I think was attended by all members of the Committee but two, a resolution in fact to that effect was passed.

DR. FORSEY: This what I thought.

THE CHAIRMAN: Which I conveyed to the Prime Minister and following the debates Mr. Stevenson and I drafted a memorandum for him outlining again not only the resolution but the background of it in our discussion in this Committee and the reasons for it, which he now has at his disposal, and I don't know if the



matter is to be left as it is ----

PROF. CREIGHTON: Mr. Randall apparently didn't have it at his disposal by that account.

PROF. McWHINNEY: Could Mr. Thompson perhaps get a letter advising him that it was a misinformation, and would it be appropriate for the Premier simply to advise as to the views of the members of the Committee, which has requested that?

THE CHAIRMAN: Let me put it this way. I have the feeling that the Prime Minister does not want to provoke an issue any more than presently exists and, so to speak, drag the members of this Committee into it, if it can be avoided.

On the other hand, if members of the Committee feel that strongly that there has been some impropriety in the allegations, then I would certainly carry that forward; and speaking for the Committee, so to speak, rather than for himself, he might well choose to make that point known to the members of the Opposition.

PROF. McWHINNEY: It might be, of course, that you could, as a simple point of information, with the Premier's direction, write to Mr. Thompson.

PROF. CREIGHTON: We feel we have been misrepresented and we don't know why we should have been misrepresented.





DR. FORSEY: I would be inclined to let the thing go now. It is a nine-days wonder at any rate.

I think it is highly advisable that the members of the Cabinet, not merely the Premier himself but the members of the Cabinet, should be aware of our position on this and the reasons for it; so that if either Mr. Thompson or his colleague or D.C. MacDonald start on this line again, they can be told very plainly what the position of the Committee is; and if it is alleged that members of this Committee have been speaking to the contrary, they can be confronted with an official statement that the Committee itself has taken this position, and that to the best of the Cabinet's knowledge it was taken without a dissenting voice.

I certainly do not like this suggestion that there are people in this Committee who are going prattling to the Leader of the Opposition or any other member of the Legislature, and in effect saying that what the Committee says is all nonsense and "we are very unhappy about this, and we want to say this and we want to say that and the other thing and we are being prevented".

Nobody as far as I know is preventing anybody from registering any objections in the Committee or with the Prime Minister, to the



procedure that all of us (I thought) have considered appropriate. If this comes up again, I think there ought to be a most emphatic denial offered by whatever member of the Cabinet is present.

THE CHAIRMAN: I think in a sense, paradoxically, it does an injustice to the Prime Minister above all, who has made it abundantly clear that he certainly has no desire to muzzle this Committee in any way, or the members of it as individuals in any sense. That, I think, was quite clear in the discussions he had with us at our last meeting.

PROF. McWHINNEY: In actual fact, as I understood his position, he wanted, he was rather anxious, wasn't he, to have some greater involvement? It was the Committee decision the other way, which I think he accepted.

PROF. BRADY: Mr. Allan was certainly not keen to.

PROF. CREIGHTON: He was not. He was for keeping all the copies of the Economic and Fiscal Committee paper under lock and key.

PROF. McWHINNEY: The Premier did, I think, indicate that he had no objections to leaving things ----

PROF. CREIGHTON: He would be rather pleased.

PROF. MEISEL: After discussion I had





the impression that the Premier did realize that this was a very tricky business and he had not really thought through the implications of publishing anything.

PROF. McWHINNEY: Still the Chairman's point, I think, is clear. It is rather embarrassing for the Premier, because the policy was certainly not initiated by him.

PROF. SYMONS: I think it is as well not to pursue the matter at this time, Mr. Chairman. If the Premier wishes to, he does have this memorandum of the Committee's views, as I understand it, which you have prepared for him. He can certainly make use of it at any time.

THE CHAIRMAN: I will tell you what I intend to suggest. Early in the autumn there are one or two occasions when there may be appropriate opportunities for him to give either a statement in the House or publicly on the evolving issues in federal-provincial relations; and it seemed to me that rather than touch this in the context of the provocation, if at one of these occasions he were to describe the nature of the forces that had been assisting him in these deliberations - one of the principal forces of which is this Committee, and the way the Committee had been proceeding and why and so on, this gives an opportunity to go on record with them without



it being pitched in the provocative situation.

DR. FORSEY: Yes. On the other hand, if somebody gets up and repeats this, then he would have to make some statement.

THE CHAIRMAN: Have to make it explicitly clear.

DR. FORSEY: The other thing about it, that Donald made, is it is likely to impair the deliberations of this Committee itself if some of us feel that what is going on here is being commented on, sub rosa, to the Leader of the Opposition or any other member of the Legislature.

I am not ashamed of anything I have said here as far as I can recall; but, on the other hand, I think we have all spoken off the cuff at various times, and if we were making a public statement we might have phrased it a little differently because the context would have been different. It is most disquieting to have this kind of allegation made and repeated.

THE CHAIRMAN: Yes. As I recall, almost the same wording has now been used twice.

PROF. CREIGHTON: That is right.

THE CHAIRMAN: Once on the speech on the Prime Minister's Estimates and again on this occasion.

PROF. McWHINNEY: By Mr. Thompson.





THE CHAIRMAN: Yes.

PROF. McWHINNEY: Not by Donald MacDonald.

DR. FORSEY: I don't think he alleges.

THE CHAIRMAN: He has expressed his own opinion as to what he thinks the role of the Committee should be, but there was absolutely no implication by him that those sentiments came from the Committee.

PROF. SYMONS: It may be just a speculation, a fishing party.

DR. FORSEY: It is, yes, but it is most illegitimate speculation, in that the fruits of it are again offered as a titbit to the Legislature, and I think that somebody had better say that it is "Dead Sea fruit".

PROF. SYMONS: Fishing out of season.

PROF. McWHINNEY: Someone ought to stress the difference to between the Quebec Committee and the Ontario one. That was part of the *raison d'etre* of our mode of operations, I suppose: one is a public committee and the other is not.

It was widely suggested in Quebec anyway that Premier Lesage was very unhappy with the way of operation of his advisory committee. As you know, they took over and gave press conferences themselves, individual members.

PROF. SYMONS: He may be even more unhappy about this this month.



PROF. McWHINNEY: He may have reason to be.

PROF. MEISEL: That won't convince Mr. Thompson.

DR. FORSEY: I think it might be pointed out there are in fact two committees in Quebec - the legislative committee and the group of advisers (I don't know if they are properly known as a committee); and might mention the kind of thing we don't want here with members of this Committee going on the air or holding press conferences and blathering away and giving the impression that these are the views of the Committee. That is the kind of thing that would be opened up if the statements of the Leader of the Opposition were complied with, I think. Everybody would start; some people might be tempted to let themselves go in a way that would appear to implicate not only themselves but other members of the Committee.

THE CHAIRMAN: Don Stevenson pointed out to me the other day that the Ontario Pensions Committee or the Portable Pensions Committee (was it?) two or three years ago, which had been functioning rather <sup>as</sup> we have been functioning, and then on one occasion issued an invitation to the members of the Legislature to meet with it one day to discuss in general terms its work and some of the issues it was dealing with, and that some





thirty-five members of the Legislature did in fact muster for that occasion.

I passed this idea on to Mr. Robarts, that he may want to consider making this Committee available one day for a general seminar with any members of the Legislature who wished to come and discuss issues surrounding Confederation.

Presumably when one saw both the range of opinion and the complexity of the issues, it might change the feeling about it.

DR. FORSEY: I would like the opportunity to give Mr. D.C. MacDonald a piece of my mind on the long quotation from Professor Horowitz and his own comments on it, which seem to me to have reached the ne plus ultra of human folly.

THE CHAIRMAN: Are there other matters or shall we call it - I guess not only a day but a season - at this juncture, and adjourn for the summer?

May I ask just the members of the research policy sub-committee, Professors Creighton and Brady. It has been suggested we might have a meeting to review our priorities and the arrangements for our work during the summer on research.

There are also one or two financial considerations, I gather, have arisen this morning concerning more extended pieces of research.



Professor McIvor will be in Toronto next Thursday and has asked, if there is to be such a meeting, would it be convenient if we held it next Thursday afternoon, June 30th, at 2.00 p.m. Is that possible for Professors Brady and Creighton?

PROF. CREIGHTON: I would have said Tuesday - it would be wonderful if it could have been Tuesday - if I had been asked earlier, Mr. Chairman, but since I am not I will go along with the Thursday.

THE CHAIRMAN: I am actually going to be in Ottawa myself on Tuesday. Is it all right? Thank you.

-----The meeting concluded at 4.40 p.m.

-----





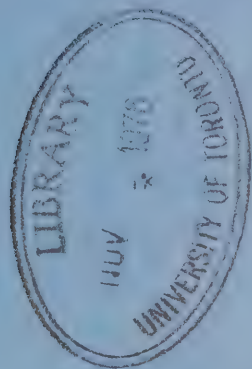




CA24N PM81

-65V26

ONTARIO ADVISORY COMMITTEE ON CONFEDERATION



M E E T I N G

held at

950 Yonge Street, TORONTO

on

FRIDAY, SEPTEMBER 16, 1966







ONTARIO ADVISORY COMMITTEE ON CONFEDERATION

---

M E E T I N G

held at

950 Yonge Street, TORONTO

on

FRIDAY, SEPTEMBER 16, 1966



ONTARIO ADVISORY COMMITTEE ON CONFEDERATION

Meeting held at 950 Yonge Street, Toronto,  
on FRIDAY, SEPTEMBER 16, 1966.

PRESENT:

Mr. I. Macdonald (Chairman)

Prof. A. Brady

Dean R. Dillon

Dr, G. Forsey

Prof. P.W. Fox

Dean W.R. Lederman

Mr. C.R. Magone

Prof. R.C. McIvor

Prof. E. McWhinney

Prof. J. Meisel

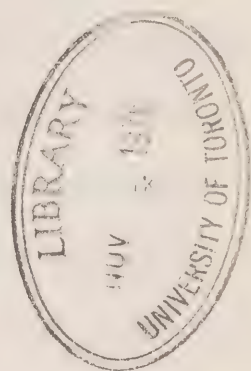
Mr. H. Perry

Prof. T. Symons

Mr. D. Stevenson)

) Co-Secretaries

Mr. R. Farrell )







THE CHAIRMAN: Perhaps I might begin by welcoming you all after the summer interlude, in whatever fashion that interlude may have been passed.

I have a sense of continuous process this morning, having spent some time in the last two days on matters of confederation and now returning to what I suppose is a quieter, if no less versatile, forum.

I would like to report briefly on the regrets of those who are not present. Professor Creighton advised me some time ago that he would be having an extended holiday in August and moving into this period of September, and he regretted very much that he would be missing this particular meeting. He has reminded me however that it would be the first meeting he would have missed since the Committee began.

As I mentioned in my letter, my last report was that Father Matte was making progress and hoped to be on his feet next month and back in action in November. I have not had a further report since I wrote you a few days ago.

Dr. Conway, it appears, is ill and in hospital, and will be confined there until November 1st. I am sorry, I only heard that report on Tuesday evening as I was leaving for Ottawa and I have not any detail. I don't know if



anyone here has heard anything bearing on his welfare.

Mr. Seguin is ill today, which I take it is not a serious matter in terms of his illness although unfortunate in terms of our gathering today.

Mr. Gathercole is detained today and will not be with us.

That accounts then for the twelve of us who are here. I have asked two or three of the members of our staff who are working on the details of the various projects which we have underway, to sit in at the meeting this morning, and they will, of course, be carrying on into your sub-committees with you.

There is one new face in that group and that is, I am happy to say, a former student of mine, Mr. Charles Beer, who is sitting in the far corner. We are very pleased that Mr. Beer, who has just spent some time in study at Laval University, has joined our Federal-Provincial Affairs secretariat, and I know he will not only be of great assistance to this Committee, but indeed to our permanent staff operation.

I thought you would forgive me if I offered two or three thoughts about the events that have transpired since we last met, and of course, there have been a great many things taken place. At the last meeting the Quebec election was just



taking place, but there was no real sense of what purport there might be arising from that event.

In the spring I had the personal feeling that the pace of concern in the country about problems of confederation and Quebec had been slackening somewhat, but I am now convinced that the pace not only has quickened but is clearly going to accelerate in the next few months; and, in particular, that this is once again going to highlight some of the things we are embarked upon and some of the things in which we should be working towards conclusions.

Shortly after the Quebec election I remarked to Bill Lederman and also to Mr. Robarts that I thought one could expect constitutional issues to become more prominent again in our general discussions. Certainly the remarks of Mr. Johnson, and in particular the extensive emphasis he placed on this last night at the press conference in Ottawa -- as a matter of fact at the end of the press conference last night one rather felt that one had not been at a conference on economic fiscal matters at all but, if one were to judge by the time given to him and by the press, the attention given by the press to him on that issue, that this had been the dominant matter.

As you know as well as I, he expressed himself very strongly in terms of his continuing belief that as far as he was concerned we would have





5

to prepare and prepare quickly to deal with fundamental constitutional matters. He raised the issue quite unequivocally of the two nations, and he raised in particular our old friend the constituent assembly. I think that this point in his philosophy and his concern certainly impressed itself upon both the politicians and the officials who were present.

I think, therefore, without in any way diminishing the importance of our present attention to economic and fiscal matters and the round of tax-sharing agreements which is going to continue, that we want to be giving special attention to that in terms of our whole perspective.

At the time of the Premiers' conference at the beginning of August I had some discussions with Mr. Bertrand, the Minister of Education, Minister of Justice, and indeed this matter came up particularly on the agenda of the Premiers' Conference - and I refer to the cultural agreement between Ontario and Quebec. It was described quite frankly that this had not proceeded very quickly. In the first place, the change of events in Quebec had delayed things at their end, and certain administrative problems through the Department of Education here had delayed it at our end; but at the Premiers' Conference, Mr. Robarts re-affirmed his hope that this matter would be introduced and developed quickly. The French



Minister (Mr. Johnson having left the Premiers' Conference at that point) Mr. Bertrand, assured us that he had asked his staff to expedite the introduction of the cultural agreement and matters pertaining thereto.

I have the feeling, for a number of reasons, perhaps more intuitive than logical, that we might consider this winter some meeting with counterparts in Quebec. This thought arises, as I say, for a number of reasons, but in the first place, as you know, there was a great deal of discussion about the view that the Civil Service and the bureaucrats and the technocrats might take in Quebec with the new government. From all accounts they are certainly willing to carry on and interested and committed to carrying on with the new government. They feel, however, that this is a very important time in the life of the new government where they are going to be making decisions and developing a point of view that will have an important bearing on Confederation.

It occurred to me that we had discussed some time ago that we might arrange an opportunity for an exchange of views in a highly informal manner with counterparts in Quebec City. I think it would be a useful thing to do this winter. The only slight reservation I would have - and perhaps this is not an important reservation in terms of this Committee - one might want to be a little





careful about suggesting any conference at this time while we are engaged on the tax-sharing agreements and so on, that Ontario and Quebec were trying to devise a power alliance against the centre.

However, I think this is a matter we should think about informally and talk about informally.

That fear is perhaps something clearly that would be more manifest in the political arena than in our particular area. As you will note from the debates in the Provincial Legislature which we sent around of July 8th, in which Mr. Robarts spoke about this Committee, in winding up the last debate of the year we had prepared for him some briefing concerning the views expressed by this Committee about views that had been expressed <sup>about</sup> / the Committee at an earlier stage in the Legislature, and he chose to make some clarification in that debate, as you saw, about the role of this Committee.

We had had some discussion in the research policy sub-committee about the question whether there should be an opportunity given to the members of the Legislature in general to meet with the Committee at any point, and we cited one or two earlier precedents in which committees of this nature had had an opportunity to meet with the members of the Legislature at large to discuss matters generally.



Mr. Robarts thought that it would be a useful and proper gesture to make the suggestion, and you will have noted there that he would put it forward that during this winter there might be reason to have this Committee meet with such members of the Legislature that might care to attend, and to discuss generally problems in Confederation.

That is again a matter that we want to think rather carefully about in terms of the design, if it were your wish to proceed on that course.

Now, finally, as far as the events of the last two days are concerned, I hope our statement may have reached you in the mail before you left to come to Toronto, that is to say, this statement prepared for the Conference this week. If not, there are other copies around today.

The position that the Ontario Government attempted to establish in that brief and the underlying philosophy was, although admittedly concerned with our immediate financial and fiscal problems, was nonetheless an attempt to base the position on one fundamental principle, that the exercise upon which we were engaged here was a matter of trying to reconstruct Canadian federalism to suit the present economic and financial requirements, to match more equitably the sources of revenue to the pattern of expenditures according to our present division of constitutional authority; and to try to suggest, as we did in the final paragraph, that it would be



unfortunate to consider this as purely Ottawa vs. the Provinces, but rather to consider that both Ottawa and the Provinces were meeting together to try and arrive at some sensible and rational new arrangements.

Well, as you know from the press and elsewhere nonetheless in political terms this is still a matter of Ottawa versus the provinces.

Mr. Johnson made very far-reaching demands of course. It is my own personal opinion, as very much of a political Everyman, that this is a negotiating posture and it is part of a conscious - not only conscious tactics, but part of a conscious strategy.

The question that seemed to be lurking behind the scenes all the time was whether it was reasonable to assume that one was going to arrive at a five year agreement, or whether some interim position would be established. On the one hand it seemed very difficult to say to the public at this juncture: "well, after all we really haven't got enough time to put a new five year agreement into effect before next March 31st". At the same time, the public would be entitled to say: "It comes as no surprise, does it, that the agreement runs out at that time, and what have you been doing now for the past few years?".

On the other hand, there is a continuing notion among a number of people that there is





justification in terms of the fact that the Carter report has not yet been received publicly, and indeed that for Ontario and our own Smith Committee report has still to make its appearance, and that these are fundamental documents that should be taken into account.

Yet it is pointed out that even if these documents do become available in the next few months, that it is going to take some little time before they are digested by the public and digested into policy.

You will notice the somewhat equivocal attitude in the opening part of our statement. That is an accurate account because we are, on the one hand, concerned that we should proceed quickly to arrive at some settlement of the problems which must be settled; on the other hand we also would like to see things done comprehensively and thoroughly, which implies that one would like to have the advantage of the Carter report and all other information before doing so.

I am not going to venture any guess as to the eventual outcome of these results, but if I were pinned down it seems to me that the greater likelihood is of some interim kind of settlement - perhaps only because there is so much to be accomplished now that it might be unreasonable politically to think all of



this could be done at a single time.

I think that sums up the observations that I had. I don't know, Don, if you have any other observations based on the last two days that you might want to pass along or raise, as you saw it.

MR. STEVENSON: Not at this stage, I don't think. The last two days were really an airing of positions by all governments there; it was not really a negotiating session at this time.

To some extent all of the briefs presented by the federal and the provincial governments represented initial negotiating positions, and we certainly hope that the federal government's position and Quebec's position -- and we knew our own position to a point anyway -- is quite movable. In fact it has to be movable if what has happened in the past prevails again, which is that the federal government will basically have to make a decision before the agreement runs out.

THE CHAIRMAN: Did you have any thought, Ray?

MR. FARRELL: No, I think everything was covered.

THE CHAIRMAN: Perhaps for a few minutes there might be thoughts running through your own minds.

PROF. McWHINNEY: You had the impression Mr. Johnson's position was negotiable. Obviously





in the constitutional area he has been very vague, as Le Devoir points out, he has been very unconcrete; but I thought in relation to the tax areas, for example talking about personal income tax, he was quite concrete, and it seemed to me there from the Quebec press that he was not making points for negotiation, and there was some suggestion also then of the approximation of his position and Mr. Robarts' in concrete tax matters.

Is it your impression, off the record, Mr. Chairman, that on both sides these are talking points still?

THE CHAIRMAN: I would think so. First of all, as far as the Quebec position is concerned I would not pretend to be an analyst of political behaviour at all, but I have the feeling that I would be more concerned if Mr. Lesage had come to the Conference with this position than I am with Mr. Johnson. I always felt that Mr. Lesage was perhaps more doctrinaire and more rigorous on matters of principle.

On the other hand, I felt - and I think I was not alone in this - that Mr. Johnson is a very practical kind of person in that sense, and that he recognizes what the process was all about, and he came with the stiffest of bargaining positions from which he would begin. Although it is consistent with all that he has said about one hundred percent control



and so on, I sensed that this was more practical bargaining than ---

DR. FORSEY: I think you are whistling to keep your courage up, and I think a lot of people in Ottawa are doing that. Johnson is behaving exactly the way I expected him to behave. He issued a declaration of war upon Canada.

I do not agree that what he said about constitutional matters is vague. There are a number of his proposals which are open-end proposals undoubtedly, but there is quite enough there to blow the ship of confederation clean out of the water; and the people who say: "well, he is just doing this to win the next election" or something of this kind are totally overlooking the fact that when you have whipped up, and other people have whipped up over the years, a mass psychosis in a large number of people, you cannot just turn around and say: "Well, boys, it was all just clean fun and we didn't really mean very much of it, just a little of this and a little of that".

I noticed one of the Dominion officials I encountered after the proceedings was much pleased with the fact that Mr. Johnson was so quiet; that he did not bang the table or wave his arms around. Well, this is very nice no doubt, but what does he say? The mere fact that somebody talks quietly is not in itself conclusive. One is glad Mr. Johnson



does not chew the carpet like Hitler, but this is only a very modest ground for rejoicing, I should say.

I think we had better make up our minds to the possibility that he means every word he says, the son-of-a-gun.

THE CHAIRMAN: Would you apply the same judgment to the tax side as to the constitutional side?

DR. FORSEY: I would have been inclined to think he is not going to budge very far on that, because of some of the remarks he is reported to have made to the press after some of the sessions; and also because when he made his emollient remarks in his brief about possibilities of negotiation on this matter, he said he was not shutting out the possibility of accepting a federal offer comparable to what he was asking. This did not sound to me like leaving very much room for negotiation.

And the way he is talking now about having eighty per cent of the people behind him on this constitutional issue and this kind of thing suggests to me that he may be painting himself into a scoop.

PROF. McWHINNEY: Le Devoir had an editorial this morning in which it actually makes two points: One, that on the constitutional matters he has been surprisingly vague and evasive, and they quote chapter and verse on this.

The second point they make is that he does





not have one hundred per cent of people behind him on constitutional matters, if he means secession plans.

But the next point is the new tax agreement and I think he is committed to a concrete programme involving very substantially increased fiscal expenditures, and it would be very hard for him to resile on these matters and there does not seem to be much suggestion of any public disposition to resile on these matters.

On the question of constitutionality and so on, if you get your revenues without constitutional change, your constitutional issues become just superstructure, and presumably how much attention you devote to this depends on how much you have to defer to public opinion - which, as you say, Eugene, has of course been aroused somewhat.

I think on the tax issue he is committed to very concrete programmes that necessitate substantial acceptance of his demands.

On the constitutional issue I think it is true that he has been rather unconcrete. As is pointed out, this statement that Quebec would secede, which is attributed to him probably was not a statement at all, but a reporter says: "Do you think it would mean secession?" and he answers: "What do you think?". That is the extent to which he goes. This is construed as affirmative, but it is not really to anybody who knows Johnson.

PROF. BRADY: I think we have to take his



words as we read them, and certainly they suggest that he wants a very great change in the existing federal system.

He speaks of the necessity for recognizing the equality of Quebec with the rest of the country. Now, that implies fiscal things, it implies constitutional things, and it implies economic things.

I think we had better examine just what it does imply, or try to assess what it implies; what it implies for Ontario, what it implies to the rest of the country.

I would think that in the coming five to six months we should try to just assess what the implications are, so as to be prepared, if he proves as sincere in his statements, for what it would mean for us and how we are to cope with them, as it were or how we are to adjust to them. I think that seems to me to be common sense.

PROF. McIVOR: I must say, Mr. Chairman, in following the proceedings at second hand, I did not get the same impression as Professor McWhinney has evidently got about the complete inflexibility in the fiscal proposals that Mr. Johnson has set forth; that whatever the urgent pressures on him in this direction, and whatever the ultimate position that he wants to get into concerning access to greater direct taxation and so on, I think that he has stated pretty clearly at various times during





these proceedings that he realized that there are some very difficult questions involved here and it is going to involve a continuing process of negotiation and movement before Quebec could finally arrive at the share of tax fields that they are interested in.

Just in connection with your earlier comment, I would feel that there is substantial room for negotiation insofar as the federal-provincial fiscal area is concerned.

PROF. McWHINNEY: I certainly defer to your expert economic judgment on that. In the constitutional area my impression is the same as yours.

PROF. McIVOR: This was not an economic judgment; it is rather a political judgment, in which I am a rank amateur very much the same as many of the rest of us, I presume.

MR. STEVENSON: The two are tied in Johnson's demand, for one hundred per cent in each of the direct taxes depends on Quebec assuming a greater number of responsibilities, which he says will be discussed in later meetings. So that his 100, 100 and 100 demands up to 1972 depend on a lot going on in the constitutional field in between.

PROF. McWHINNEY: But not necessarily constitutional alteration in the formal sense.

MR. STEVENSON: Well, no.

DR. FORSEY: Some of it would.



MR. STEVENSON: Some would certainly defy the federal government's interpretation.

PROF. McWHINNEY: Yes.

MR. STEVENSON: Of what its powers are in the constitution.

PROF. McWHINNEY: I think there will be a conflict in interpretations, but not necessarily a complete negation of the constitution.

I think one interesting thing is that the implications of Quebec's generalized position on the two nations and so on, have not been really fully spelled out.

In Quebec the so-called "Estates General" elections were held on Wednesday, and I think the first meeting is on Saturday, but this is one of the interesting things, that very few people have any concrete notions as to the implications, and Johnson perhaps above all; that the thing has not been thought through in terms of concrete secondary problems.

Certainly on the notion of whether a new constitution is warranted or simply different interpretations, I myself had the impression that there was a very substantial difference in interpretation, but no more profound than has existed in the past history of the B.N.A. Act and accomplished within the B.N.A. Act.

DR. FORSEY: I think you are all very optimistic and quite unjustifiably so. If you look



at the terms of that document (I have the French text here but I haven't the English text) look at this on the economic side of it.

"Quebec does not, nor does Quebec wish  
 "to close ahead of time the door to  
 "every federal proposal comparable to  
 "those which we advance here."

Then he says:

"Quebec thinks, notwithstanding, that  
 "the total arrangement it had proposed  
 "has the immense advantage of reducing  
 "to a minimum friction between  
 "governments with respect to the spirit  
 "and letter of the present Canadian  
 "constitution."

Which, incidentally, he says gives provinces the exclusive right to direct taxation.

"And to prepare the way to a new  
 "constitution."

PROF. McWHINNEY: "To prepare the way",  
 not a new constitution.

DR. FORSEY: Prepare the way to it, but this is in the text then when he comes to the constitutional side. Look at what he says. First of all you are given this harmless sounding phrase which is obviously intended for the gullible English Canadian mugs.

"We believe that there exist in  
 "Canada in the sociological sense





"of the term two nations

"a nation of French speech whose

"home is in Quebec."

This is very mild and nice, but what about the next page.

"In this respect the new government

"of Quebec has set itself a fundamental

"task, that of getting recognized

"juridically and politically as a

"French Canadian nation by, among

"other things, the preparation of a

"new constitution which would recognize

"in our country equal collective rights

"of Canadians of English and French

"speech and entrust to Quebec all the

"necessary competence and powers for

"the safeguard of its identity."

Then he goes on and he spells this out about social security in all its forms.

Now, that means a change in the letter of the constitution. It means ripping out the unemployment insurance powers of the Parliament of Canada. He talks about relations with certain countries and international organisms, and then you get "the whole of Old Age Security, the whole of Family Allowances, the placement and training of manpower". There are a number of things.

"The whole of research"

Well, all that seems to me to be fairly



specific, and, as I say, what is not specific is so nicely open-ended that it could mean practically everything.

I think Mr. George Bain's comments in this morning's Globe and Mail are very well founded.

PROF. MEISEL: Mr. Chairman, I would like to make three observations that are really quite unrelated to what has been said already.

The first thing, I do not agree with Eugene Forsey, and I think Professor McWhinney picked up the same thing: what do we really know about opinion in French Canada as a whole on this?

I think that obviously it is correct that if leaders whip up a mass sentiment, this is something to conjure with, but at the present time there is absolutely no evidence that this has happened. Such information as is available about general attitudes in French Canada suggest that most French Canadians do not really get very worked up about this. Obviously the opinion-leaders and the very vocal people do, and we have to keep them in mind as being one important social and political fact, but the mass, as has been argued here, in Quebec, have not been aroused.

DR. FORSEY: No, the mass goes along, as it did in Nazi Germany.

PROF. McWHINNEY: I agree, but I think we should not say it has been aroused when in fact





whatever information there is suggests that it has not.

Secondly, I think that the point that Eugene Forsey just made ties in very well with what Alec Brady said earlier. I think we should very seriously consider the content of the Johnson position.

To me the heart of it really is the two points that Eugene referred to on pages 2 and 3, namely the sociological fact, as Johnson sees it, of the two nations, and then the political and juridical consequences of this. I think this is really what we have to study: how the implications of this particular theoretical position affect the concrete demands that Quebec is seeking to make, and how those demands can perhaps be modified in the face of demands that other Canadians may make.

This takes me to point 2. I think we are in danger of being mesmerized by Quebec. Obviously we have to take the Quebec position extremely seriously, and this is one of the major things that concerns us; but at the same time we also surely should try to think of the position of Ontario within Canada as a whole, and to give some thought to the suggestions that the rest of Canada might make to Quebec - not only reflecting the Quebec opinion but reflecting opinion outside.

I think there is some danger that we tend



to be so clinical in our approach to the problem that we overlook the possibility of making some suggestions on the other side, which Quebec then will have to consider next to its own particular position.

DR. FORSEY: I couldn't agree more.

DEAN LEDERMAN: I agree, Mr. Chairman, with Dr. Brady and Professor Meisel that for our purposes in this Committee we have to take Mr. Johnson's words at face value. We do not really know how inflexible he is going to be about this in the future (he may not know himself until he sees what he is confronted with); and that we have to work on seeing that he is confronted on some of the things he should be confronted with in terms of what the rest of Canada believes in.

The only other thing I would say at this point is that the Ontario brief did reach me yesterday, and I read it on the train last night. If I may say so, without being presumptuous, I want to congratulate those who had any hand in drawing it up, because I think it was excellent.

PROF. FOX: May I just add my comments, Mr. Chairman?

THE CHAIRMAN: Please.

PROF. FOX: I haven't really much to add. In fact, I agree entirely with the position that John Meisel has outlined, supported by what Dr. Brady and Bill Lederman have said.



In other words, I think we should be realistic and assume some of these things may occur, and get down to hard work on what the constituent assembly means under all this; but we really should not, however, read Johnson's words, I don't think, and assume that this is what is going to occur. We should be prepared, if this is his position, but I do not think we should proceed gloomily on the assumption that it is, because it is so obvious that his words are hedged about, as Professor McWhinney has said, with innuendoes; and if you look exactly on what he said, he said he would put it to a referendum of the people and 80 per cent would agree about his two-nation.

Eighty per cent of this Committee might agree on the sociological implications of a two-nation theory, if it means there are two people with two languages, etc. Read the book carefully, and it is just as vague as his remarks at the conference. I may say it is all of one piece, as you pointed out earlier. He keeps giving the same speech over and over. The book is the same as the speech he gave in Toronto this spring.

The other thing (and Don Stevenson made this point) surely this was a bargaining session, and therefore you make your most extreme demands.

If I could simply allude here to your submission from Ontario, I was interested in your synopsis that you included with your presentation page, point 5. You say:





"We do not believe that the  
 "Federal government needs to retain  
 "any arbitrary limit such as fifty  
 "per cent of the personal income  
 "tax field in order to finance its  
 "own expenditures, undertake effective  
 "anti-cyclical fiscal action and control  
 "the form and structure of the income  
 "tax."

From the last discussion we had on this, my assumption was that we did assume that the Federal government needed about fifty per cent. I took this simply as a bargaining position that you have established. I do not mean to be critical. I merely raise this as an illustration of the impact that has certainly occurred in other delegations to that conference.

I think we should see Johnson's position in the light of this sort of position, rather than as a categorical statement of what he wants to do.

DR. FORSEY: I am concerned -- and I have not attempted to document this, but I think it could be -- that there has been a remarkable similarity, a deplorable, frightening similarity, in the behaviour of the Quebec leaders and the behaviour of Hitler and company: advancing a violent position, waiting to see what happens and then putting up somebody to say something a little more moderate, so that then everybody says: "Of



course, he's all right, and so on".

There has also been a tendency on the other side, as there was with Hitler, to say: "If we only treat this chap nicely, he will behave like a nice English gentleman." He didn't, and I am not persuaded that if you treat Johnson nicely he will behave like a reasonable English gentleman either.

I think you have got to watch very, very carefully, and not be too infernally cheerful, and too infernally pleased that he is not banging the table or shouting, and be pleased with the vagueness. In the vagueness could be placed the most awful traps for the unwary, because people who are trained in scholastic logic are past masters at taking any particular word and drawing from it an infinity of consequences. You look at the word and say, in your simple Anglo-Saxon fashion: "That doesn't sound too bad". Then he says to you: "These fellows are fine fellows". But then you say, "Gosh, where is my shirt and my pants? I met their men and I never knew there was anything".

PROF. MEISEL: Mr. Chairman, I did not say anything when I was making my comments, on how I personally assessed this, because I am not a psychiatrist, but I think since we are all doing this I might as well throw in my ten cents worth here.





From my studies of political behaviour in Canada and particularly in French Canada, I am convinced that Eugene is wrong on this; that it is a mistake to interpret any of these statements with this kind of rigidity. I think all these people bargain. I never think of Hitler; I think of trade union negotiations, union-management negotiations.

DR. FORSEY: And trade union leaders will get caught sometimes. Having put forward positions, they find that the followers are hurrying them along a path they are not prepared to follow, which means we get hurried along in their path to the guillotine.

PROF. MEISEL: It is obviously a danger in all this situation, but it does not mean that every time everybody makes statements or claims this is the final word he has to say.

DR. FORSEY: Oh, no.

PROF. MEISEL: I think we have to determine that we must take these statements seriously, but they are flexible, negotiable, and not the final word.

PROF. FOX: Two can work on this thing too, you know. We don't have to leave the initiative solely to the other side to interpret what words mean.

DR. FORSEY: I quite agree.



PROF. FOX: By the way, this is standard bargaining procedure. Look at the rail strike and eight per cent made eighteen per cent. Is that leading in the direction of Hitler? You may say "yes".

PROF. MEISEL: We forget about Hitler. You have got surely to remember that even Hitler had to contend with a very complex network of pressures and forces which he could not fully control all the time. Compared to the Premier of the province of Quebec, Hitler was in a pretty strong position. Johnson is sitting on top of a seething kind of cauldron really and he cannot take any firm position because he is under the same kind of force that every other Premier of Quebec -- in fact Premier of any other province is also, and if he is going to push too far in a direction which is considered to be responsible by people who have power in Quebec, some of it political, some economic, he is going to be in trouble.

I think our position surely is to try to assess to what extent the forces in Quebec impose limits on him.

PROF. McWHINNEY: I think that is a better judgment in relation to Johnson than it would have been in relation to Lesage who had a conception of ideology. It is quite clear Johnson has no ideological views at all. He is very fuzzy in



dealing with issues of abstract theory, and of course he has to face the reality then of extracting his ideas from the conflicting forces.

I think one of the interesting things, even on the most superficial examination, is that there is no monistic view in Quebec of two nations. Marcel Faribeu and the economic forces are poles apart from the bright youngsters at the University of Montreal, and I think it is clear Johnson is not going to impose his image upon these people. He is going to assess the forces and respond to them as a political animal. This is why I think the vagueness that I really do myself feel in his statement, comes from the fact that he has not any clearly thought-out ideas on the subject. He has got the politician's quality of being deliberately fuzzy, as Eugene rightly reminds us, and I also think there is no clear plan of action, so that we have to study the forces and plan accordingly.

I think the Johnson statement on the constitution, "preparing the way for a new constitution" and so on, are really in Marxist terms, the superstructure and not the reality.

The reality seems to be more economic demands, because these are things where there is the seething discontent in Quebec. They do undoubtedly need more money out of the government. The cities are in a mess, and there are obvious





areas in social services where they are well behind. These are forces I do not think Johnson can control.

PROF. BRADY: I think it is well to remember Johnson's remarks, most of them are made when he was in Opposition. There is a carry-over, as it were, from his Opposition years into his present. How far he can carry on when he has the responsibility of office remains to be seen. I do not think that disproves the necessity to look at the kind of things he is talking about.

THE CHAIRMAN: I would just add one point there. Earlier in the summer in talking to his civil servants I got the impression that they thought there might be a sharp transition between Opposition and government between electioneering and government policy; and then I read into their thoughts that when we met this autumn Mr. Johnson would not come forward with his one hundred per cent claims. I gather that, and I also sensed that they would attempt to persuade him not to come forward with his one hundred per cent claims, but he has, notwithstanding what advice he may have had on that point from his technical advisers.

PROF. FOX: May I just point out that a politician like Johnson has to do this. Within what, less than four months of his election in which he campaigned on this platform, he cannot come



down to Ottawa with his slim majority and suddenly retract what he said four months before. So he has got to say it the first time around, though in fact it is not quite what he said, it is not one hundred per cent in toto of corporation tax.

THE CHAIRMAN: He said one hundred per cent of personal tax, one hundred per cent estate tax, one hundred per cent corporation tax on resource-based industries and all but 22 points on other corporation tax which he will leave to the Federal Government for their fiscal policy division, but will take the financial equivalent in equalization.

MR. STEVENSON: If he does not get the equalization then.

THE CHAIRMAN: Then he will have one hundred per cent, of course.

DR. FORSEY: I hope you are right. Ifelt it necessary to put the pessimistic view here because I am very gravely disturbed by this, and I have been through some of this kind of thing before. At that N.D.P. founding convention I said to those people at that time: "You have let loose a devil, and you have no idea whatsoever of ~~what~~ you have done" and subsequent events have proved me only too right. Some of them have come to me since and frankly and spontaneously admitted having seen my worst fears realized in that case.

I am afraid I am not greatly impressed now





when I hear the cheerful remarks - which I hope will prove true, God knows I hope so, particularly because I think that if what Johnson appears to me to mean comes about, the French Canadian minorities in the rest of the country are going to have a very, very dim future, and I am very much concerned with their future.

MR. PERRY: Ian, the brief gives the impression there is a little more harmony in the discussion of the "inflationary problem". Was that true? Was there any detectible difference in feeling between the discussion there and the rest? If so, what would the difference imply?

THE CHAIRMAN: I think, as is so often the case, it depends when and how the thing came up. The economic situation was originally put as item 1 on the agenda, and we went in prepared and expected to deal with that Wednesday afternoon first thing. I think if that had been dealt with first thing with a greater degree of thoroughness and greater opportunity to bring out the nuances and differences of interpretation, the result might well have been somewhat different.

However, when we arrived Wednesday afternoon Mr. Sharp suggested that in view of the fact that everyone's statement was now off the press, there was a certain momentum on the main issue and we should begin there and postpone discussion on the



economic situation until later in the proceedings.

"Later in the proceedings" meant in fact about five o'clock yesterday afternoon, by which time Mr. Bennett had departed, Mr. Thatcher was champing at the bit to catch a plane; New Brunswick had departed and others were clearly in the process of preparing to depart.

On the other hand, Mr. Sharp gave a very lucid and very plausible explanation of his interpretation; I don't know whether you would agree with this, Don, but I think so much so he did a "Grand Master's job" of salesmanship there. Clearly it was so well done that it set it all ---

PROF. FOX: Would you say they are willing to cut back on capital investment?

THE CHAIRMAN: There were three things.

1. That the government should curtail and stretch out their own expenditures.

2. Slow down and cut back capital construction in particular.

3. That they should, in their behaviour and in their words and manner try to exercise as much moral suasion and example as possible.

It was really to appeal to those things that he did appeal.

Now, I think there are different interpretations present in the delegations about



the character of the present economic situation. Nova Scotia and New Brunswick in particular make strong points in their briefs, and again Nova Scotia at the meeting yesterday, about the regional disparities, and that inflation was not the same kind of problem in Ontario as it was in Nova Scotia and their problems of employment and so on. Their discussion as such was not very profound or very extensive, and I think it did not really go beyond the fact that there were present inflationary signs and that it was a good thing, therefore, for governments to set some example.

It did not come to the point that people like Don and I would have liked the session to go, as to whether the situation is going to be the same next week as it is this week, and as to whether or not there are not fundamental forces at work that are going to produce rather different results.

Certainly discussions I have had with people at the Bank of Canada and the Economic Council of Canada and our own professional opinion among staff here, is that whereas inflationary tendencies are manifest now the underlying positions in the economy are such that we are heading into a very different type of economic climate.

MR. STEVENSON: I do not think there is any question that the main point of Mr. Sharp's speech yesterday was that first he was forewarned





that there was likely to be a good bit of opposition to his interpretation, and that therefore the main point of his address to the Premiers was that there could be a very harmful psychological impression if there was a difference of opinion expressed publicly by the Premiers; and it was the psychological impact of governments not appearing to condone increases in cost of which he was trying to persuade them of the merits.

THE CHAIRMAN: Just to round that out, it was also a saw-off, as there always is.

You see, our anxiety was principally based on the fact -- it is true we had certainly professional differences of judgment and so on of the situation - our anxiety was based principally on the fact that Mr. Sharp's statement last week had said quite explicitly that in view - and this was cause and effect - in view of the current economic situation it was (and perhaps I overstate the language here) perhaps it was unthinkable therefore that the Federal government could make any fiscal re-arrangement with the provinces at this juncture.

We were extremely anxious that what was a problem today should not have any inhibiting effect on arrangements that might be put into effect next March for the following five year period.

You will notice we said in the brief quite



pointedly that whatever the present economic position and proper policy, the principal concern of this committee is to recommend the new federal provisions to take effect in March 1967. We went on to say that at any given time one will always know the short term target, but we are more worried here about the long one.

Mr. Sharp came out himself and said that he agreed now to make one thing clear, that whatever is done in the present time must not have any inhibiting effect on what was done on the long run. This was the point on which we wished to be satisfied, and when he had cleared the air so thoroughly on that point ---

MR. STEVENSON: Except he had made it with the public last week.

THE CHAIRMAN: But when he cleared the air on that point, a lot of the sting was taken out of any differences about interpretation.

PROF. FOX: One very important inflationary force had left. Bennett had already gone, hadn't he? He didn't even get drawn into it.

THE CHAIRMAN: No, he was not there at all and the communique said that in fact Mr. Bennett had not been present for that part of the discussions.

PROF. McIVOR: Having a great admiration of Mitchell Sharp as an economist and his undoubted





abilities, I don't doubt at all that he would provide an excellent exposition of the current inflationary situation in Canada.

What amazes me is that in view of the almost incredibly irrelevant or ineffective set of proposals that the Federal Government has been able to come up with by way of coping with the inflationary situation, that any provincial government would be at all moved to go in the least direction out of its way to try and deal with this problem. The Federal example seems to me to be deplorable.

THE CHAIRMAN: If I could just say off the record for a minute ---

--- Off the record

PROF. MEISEL: Mr. Chairman, I would like to ask a very different kind of question and I hope I am not behaving like some social worker that probably examines themselves and not the problem they are supposed to be dealing with; but we were established, I think, originally because the Premier felt that at these meetings he was not properly briefed and he needed to have some depth behind him, and to strengthen himself he obviously did at least two things. He set up the bureaucratic secretariat which you had, and he also set up this Committee.

I wonder if you can make any kind of



assessment about the effectiveness of his support now as compared with earlier situations, and also what we ought to do perhaps to be more effective than we have in the past, if we have not reached maximum effectiveness.

PROF. MEISEL: That's tough.

THE CHAIRMAN: It is a tough one for me.

PROF. MEISEL: I should ask him.

PROF. FOX: You are asking the wrong person.

PROF. SYMONS: No, no, you are advising him.

PROF. FOX: Tell him how good we are.

THE CHAIRMAN: We heard some compliments about our brief. We felt, without being immodest that it compared favorably with others which were available there. I think we will gradually get these reproduced for you and you can judge for yourselves. I think we have put a great deal of work in our own group over the summer on the economic and fiscal side, and I might just pick up one or two points that have come out in the discussion on that point: the one which you raised earlier about whether the Ontario position was bargaining position or not, and the other Paul raised about our having taken the somewhat different view from the paper that was prepared by the economic and fiscal sub-committee of this Committee.



Some time ago this Committee passed a recommendation to the Prime Minister suggesting that he might take publicly the stand that in view of the delay in the receipt of the Carter and Smith reports, that there might be some delay in another five year agreement, and that we should have some interim arrangements, as you recall.

Now, again I think you see in the statement that we have made that kind of point by implication, but once again Mr. Robarts felt that this was something that was inevitably going to come out in the discussion, and that it was perhaps better not to come out baldly at the outset with this proposition.

However, he asked me to say that he appreciated very well the point that the Committee was making, and indeed it is supported in our brief to the extent that we say there repeatedly that we believe there should be a total package of arrangements arrived at, and it should be a comprehensive arrangement as in fact has happened. The issue already is up for discussion.

There is a great deal of discussion in the tax structure committee also as to whether there should be interim arrangements or postponement.

Then the Advisory Committee's report had suggested that the Federal Government could not give up more than fifty per cent of the personal income





tax. We in our own staff had studied this carefully during the summer, and we did produce a position paper. I don't know whether it went out to the Committee yet, Don.

MR. STEVENSON: It has not gone to the members of the Advisory Committee. I will see copies go to the sub-committee when we get into sub-committee.

THE CHAIRMAN: We did a study that suggested for the three purposes that the Federal Government has: its own account expenditures, its fiscal policy control and its control over the form and content of the tax structure; that it was possible for them to give up more than fifty per cent of personal income tax without being inhibited.

I might just mention that in West Germany, for example, the provinces or the states have about sixty-five per cent of the corporation and personal income tax.

So this point was arrived at in the matter of what was our judgment about what was a technical and reasonable proposition.

It was also arrived at because the terms of reference that the Federal Government put up for discussion at the present time in fact ruled out the principal device that the economic and fiscal sub-committee here had suggested. You recall your suggestion was that we should be seeking transference



of the indirect taxes and consumption taxes.

PROF. McIVOR: I think the gist of the  
to  
proposal was one not/concentrate on the personal  
income tax. That is exactly the position that  
the provincial government finally took.

THE CHAIRMAN: Well, yes, because the  
Federal Government in this position said that it  
would not talk, it simply would not talk about three  
items now until next year and until after the Carter  
report had been received: corporation tax, estate  
tax and consumption taxes, and having said ---

PROF. McIVOR: Leave you only the one tax.

THE CHAIRMAN: Having said there is  
nothing to talk about there, clearly there are  
limits to the ground upon which our position could  
be built.

DR. FORSEY: Perhaps that was merely a  
negotiating position.

THE CHAIRMAN: To that extent then, ours  
must equally be interpreted as being a negotiating  
position.

PROF. FOX: Score one, Eugene.

THE CHAIRMAN: We did not say in this  
paper we would want forty per cent or thirty per  
cent or anything else, because we had interpreted  
quite strictly the terms of reference of the tax  
structure, that we come together and try to arrive  
at whatever was the best <sup>-imum</sup> max/and division, although,





as we have said, the others having been ruled out, it left us very little area to work in.

PROF. McIVOR: The phrasing here that Ontario does not believe the Federal Government needs to retain any arbitrary limit such as 50 per cent might be interpreted as meaning that there is no limit at all.

PROF. McWHINNEY: This is a brilliant piece of wording. I think it is the most striking thing; it is absolutely brilliant.

PROF. McIVOR: The question of how this is to be best interpreted - does it mean the Ontario government believes that in the end there is no minimum share of the personal income tax that the Federal government should have or are we back to Eugene's bargaining position?

PROF. McWHINNEY: Surely you challenge an assumption that has been put forward as dogma in terms of comparative federalism. You simply say we do not think this is so or necessarily so, but you merely refrain, as I interpret it, from spelling out alternative positions.

However, I think the challenge to the dogma is crucial, and I blame lawyers predominantly for the dogma, this fixed notion of a certain trend in federal systems which has jelled into a notion that income tax - the progressive trend in all federal systems is that personal income tax must be wholly



and solely federal for economic reasons that are not spelled out.

It seemed to me that you try to challenge this dogma here, and it is very important that it has been done, and I would be interested in your next answer, though, on the question that it seems to me there is a philosophy present in the Premier's brief that perhaps is in favour of a more decentralized federal system within Canada even apart from the Quebec problem or inspite of the Quebec problem, and going beyond, in other words, proposition 5 which is so perfectly phrased. It seemed to me the rest of the brief suggests that you feel some decentralization is both useful and desirable and would not bring the federal system to an end. I would be interested in having your further comments on that.

THE CHAIRMAN: It was simply a matter of saying that some degree of decentralization is a fact all right, because the tax structure studies had shown, as recent experience has shown, that provincial expenditures would increase relatively so much more heavily simply because of our constitutional division at the present time.

Therefore this being the case, it followed that one should make fiscal accommodation to suit the reality of the situation.

I certainly will accept the compliment



about the brilliance. If one uses the term in one sense of the word dealing with illumination I must say the midnight oil was burning pretty well about the time the highlights were put together.

PROF. FOX: The legislative committee is probably sitting and saying: "Those Anglo-Saxons, you never know what they do with words especially on financial matters".

DR. FORSEY: It may well be, I am inclined to think, that if we get into a really careful study of this whole thing, we may have to challenge another dogma that all the trend must be towards further decentralization.

I sometimes think if Master Johnson and his friends get their way and we really start discussing a new constitution, it is just possible that they may get rather more than they bargained for, because there may be people who suggest that certain things that are now decentralized had better become centralized.

PROF. McWHINNEY: That was the argument, if you remember and, speaking purely as a lawyer that was the argument of the '30's. This was purely a lawyer's argument, the inevitability of centralization; and if you examine the economic assumptions that the lawyers never spelled out but assumed, they were the sort of economic assumptions that your point 5, Mr. Chairman,





challenges.

This is why I felt it was rather epoch-making as a document. It is the sort of thing I would rather be able to footnote. I take it it is now public so I can.

MR. PERRY: I think, on behalf of the economists though, we should say that this sort of statement is now based on experience as recent as that of the United States federal government in making tax changes; that they found this was borne out by quite a bit of analysis, that the economic impact of changes in the personal income tax is the greatest of changes that one can bring about through a tax structure.

So that the lawyers may dogmatize on this but I am afraid it is really based on some recent and pretty far-going economic analysis.

THE CHAIRMAN: You know, at the University of Toronto last spring J.K. Galbraith, he wrote this in his usual fashion in reference to the American system, but in this case he was contrasting federal government and the municipalities in the urban area, and he said that the urban areas had the problems and the federal government have the elastic revenues; and he went on to deduce from that that there had to be some turning over of the personal income tax.

However, as I say, one of the unfortunate things from our point of view and at least from my



point of view is that although the tax structure committee was designed to investigate the whole issue, the Federal government did start from the position of saying: "We will not talk about consumption taxes, estate taxes or corporation tax". Having said that, the whole tax structure committee projections having pointed out the rate at which provincial expenditures would grow under the present division of power compared with the federal, as I say, there was very little area to manouevre in.

PROF. McIVOR: Yes, but does <sup>this</sup> mean the provinces have to accept the position in terms of the long run re-arrangement, so that there is no possibility of having tax adjustments in the area of other than personal income tax? You say they are unwilling to talk about it yesterday and today and it may be until next year, but surely this is not ruled out as part of the fundamental re-arrangement in which the province of Ontario is interested.

THE CHAIRMAN: That is right, except that the problems are today, and the Federal Government has said absolutely nothing for the provinces.

I daresay this is a provincial view, but I was struck by the incongruous headline in the Montreal Star on Wednesday which started out in big





bold letters at the top: "Sharp announces bold new plan for federalism" and in little letters "nothing for the provinces".

MR. PERRY: How much bolder can you get?

DR. FORSEY: By the way, one minor ~~point~~ of Mr. Johnson's declaration which I think should be noted, was where ~~he~~ is talking about what will happen after Quebec has opted out of everything in the way of shared-cost plans. He then announces with extreme graciousness that Quebec notwithstanding would be quite prepared to participate in Dominion-Provincial Conferences discussing these plans with other provinces. Some of the overtones - about the greatest piece of sheer effrontery I have ever seen in print.

THE CHAIRMAN: Just one question I would like to leave with the political scientists and I will not call for an answer here, but it interests me personally.

We went through a period in the last few years when Mr. Lesage was in office, of co-operative federalism as a declared policy of the Federal Government.

Mr. Sharp last session in his budget, recently in his statements again this week, has made it quite clear that as far as he is concerned co-operative federalism in the old sense is a bad thing; that is to say, there is no more for the



provinces and if they want their resources they go to find them.

This same sentiment I did see expressed by Mr. Walter Gordon in a speech last week. This is the first time I have ever seen anything in print in which Mr. Gordon and Mr. Sharp before to be even close in expressing the same opinion.

I wondered if this new attitude therefore, in the Federal Government, was a deliberate change within their own philosophy or whether it was related to the fact that there was a Liberal government prior to last June in Quebec, and that there was no longer a Liberal government now in Quebec. However, I do not want to get into that one.

MR. STEVENSON: Could I raise one question that perhaps has an impact on all the group. Perhaps the most fundamental split that occurred in looking through the briefs and the position taken on this matter, was in the area of cost-sharing rather than in either of the other areas discussed; because the Federal Government made a very conscious attempt and almost pleaded with the provinces outside of Quebec to opt-out of the major continuing shared-cost programmes - hospital insurance, Canada Assistance Plan and continuing health grants.

Now, there was not a single English-speaking province that showed the slightest bit of



enthusiasm for this. In fact, a number of them have said that they definitely did not want to take the option of opting-out which they could, say, until 1970 because the agreements last until that time.

The Federal Government was willing to give even more than equivalent compensation if they would opt-out, because it was part of the federal philosophy that they wanted to keep all provinces in the same relative position to the Federal Government, and not leave Quebec in an isolated situation.

It would seem to me that most of the other provinces were quite willing to see Quebec have some kind of special situation, and obviously - and this was perhaps the main point of Johnson's speech that one just has to look at the other briefs by seeing that there is obviously a two-nation concept at work in terms of the way we look towards the Federal Government, so why not admit it? "We do not want to see you force other provinces to opt-out of programmes just to please us". This is a dilemma which the Ontario government did not take up in its brief and which it might in the future.

PROF. McWHINNEY: In this interpretation you do tend to suggest in the brief it would leave a continuing, increasing pressure from Ontario for increased sources of revenue, and this logically, instrumentally, would require either adjustments within administrative taxation arrangements or else





constitutional changes if the first cannot come, in favour of returning more sources of revenue to the provinces.

To that extent, of course, there may be substantial differences in degree on this; and it is also (to use Eugene's phrase) in the degree of casual effrontery with which the things are presented, but there has been some parallelism in some of the pressure on the economic level from both Quebec and Ontario.

THE CHAIRMAN: Yes. Perhaps I should explain another thing now that Don has mentioned cost sharing, that makes it quite clear to you, I think, that our appetite for the personal income tax is not as unreasonable as might appear on the surface, and here again one must relate these things always to what the other people are offering.

At the present time the province has 24 points of the personal income tax and the Federal government has the rest. The Federal government has said, as indeed our Advisory Committee here has said, that it is unreasonable that one could go more than 50/50, that the province would have 50 points and the Federal Government 50 points.

The trouble is that in their total presentation the Federal Government has said: "We would like to give you another 17 points of the personal income tax which would bring your share up



from 24 to 41. Having given you 41 points, then we are getting pretty close to 50" and I think in the back of their minds ~~also~~ is that when Medicare comes along this would involve another six or eight points, so you would be getting pretty close to your 50/50 (there is some question as to whether income tax would be a quid pro quo for Medicare or not but supposing that is the case)"so we cannot do any more for you".

The only trouble is we find their 17 points offer unacceptable because they are saying" We will give you 17 points of personal income tax if you will take over the federal share of the cost of three major programmes - hospitalization services, Canada Assistance Plan and National Health".

In other words, one would take over the complete cost of those three programmes, and one would get 17 points of income tax to do it with; but in our judgment this is purely an arithmetic change and one which is no further ahead, and nothing is really changed, so you haven't got any more fiscal capacity.

Now, there is an argument here as to whether, once you get 17 points of tax, in the long run that that would accrue more revenue than the increasing cost of hospitalization, Canada Assistance Plan and so on; but leaving that aside, if they say: "We presume you will take the 17 points. Now you have





got 41 ---"

MR. STEVENSON: "We urge you to take".

THE CHAIRMAN: "We urge you to take.

That is as far as we can go", We say: "Thank you very much. We do not want the 17 points. We would like to continue with shared-cost programmes".

Now, we still have only 24, so we have 26 points to play with in our negotiations, even if we say we won't press this point of going beyond 50 per cent.

So that one really cannot take the abstract principle of going beyond the 50 per cent out of context of what the federal presentation was, so we had to hedge our bets, so to speak, on that.

DEAN LEDERMAN: Mr. Chairman, may I just make a point about the question you asked the political scientists, and this is in terms of a further query which is in my mind.

My impression was that Mr. Sharp was just putting out in the open what has always been the truth about these provincial-Dominion tax conferences: that in every one this same thing has happened, that the provinces have come with their statement of position, the federal government has heard it, and perhaps has made some statement of position itself, and then (as Mr. Sharp stated) the federal government makes its decision and it is "take or leave it" for



the provinces? Hasn't this been the story of all the conferences? There has not been any true consensus come out of a conference.

THE CHAIRMAN: No.

DEAN LEDERMAN: That has determined the tax-sharing agreement.

THE CHAIRMAN: This is true, and I think, if I may say, perhaps to the credit of the Prime Minister of Ontario, that in his statement there is certainly strong language about things we like or dislike but I do not think you could say that this was a set of explicit demands that this is what we want.

He tried to suggest very carefully that the whole spirit of this must be not demands each upon the other, but rather a rational examination of what the present situation dictated.

DEAN LEDERMAN: What I like about the statement is "I was not addressing my mind primarily to the economic issues" was the theme which seemed to run through it. Mr. Robarts was making the point that we must be careful about arrangements that preserve national unity. This is what impressed me favorably.

THE CHAIRMAN: You see, he did not come and say, as Mr. Johnson did, "We want 100 per cent of this". He did not say, as Mr. Bennett said: "You see we want two points more of personal tax, one



more of corporation tax each year for the next five years.

He went on saying: "These are what the results of the Tax Structure Committee projections are. These are the kind of possibilities, these are the areas where we would see our interests best served and presume that the discussion would go on from there."

I do not want to try to make too much of a case of altruism here at all, but I do want to say that throughout the considerable discussion we had in the government in preparation for this brief, that this point of view was explicitly recognized and deliberately followed.

PROF. BRADY: Mr. Chairman, have you got all the briefs of the provinces?

THE CHAIRMAN: We have, and we will sooner or later have them reproduced.

MR. STEVENSON: Yes, we will try, before the end of the day, to have Quebec and Canada reproduced as the two important ones from outside.

PROF. BRADY: I am not suggesting that you circulate all briefs, but you would have them here, and any significant provincial brief ---

MR. STEVENSON: Most of the other briefs were rather inconsequential. Manitoba had a large brief. Alberta and Saskatchewan had a very small one. B.C. had no brief. New Brunswick had a





short one. Nova Scotia had a longer technical brief dealing only with the equalization. P.E.I. and Newfoundland had no briefs.

PROF. SYMONS: I think it would be helpful, if it is not too much trouble, if the briefs certainly of Quebec and of the Dominion could be sent out to us. I would be very grateful for an opportunity to study them.

THE CHAIRMAN: All right. The staff does not know this yet, but in the next few days they will be preparing a brief synopsis of the principal points and some analysis of them and we will send that to you.

PROF. McWHINNEY: You mentioned with specificity the West German proposition for tax division. It is suggested that some of your staff had been doing some very detailed study, and it would be helpful to have that.

THE CHAIRMAN: You do us much too great credit. I happened to pick them up at a cocktail party in Montreal last week.

PROF. McWHINNEY: From a French Canadian?

THE CHAIRMAN: No, from a West German.

PROF. FOX: I know we should now adjourn for coffee, but maybe I could raise a question that we could deal with afterwards.

Have you calculated what the differential would mean in terms of Ontario's revenues and costs



if you got the additional 17 per cent additional points of income tax and took on the added burden?

The second point about cost-sharing.

Aren't you really asking in this brief for additional cost sharing?

MR. STEVENSON: Yes.

PROF. FOX: In reference to university grants. So it is even more than you say.

MR. STEVENSON: Yes, no question.

PROF. McWHINNEY: You have done this computing that Paul mentions enter your first analysis. Whether or not you see West Germany having any, you have considered the divisions and contingent planning has been made, and somebody has obviously prepared a detailed paper. Can we have that?

THE CHAIRMAN: I think "analysis" is putting it highly.

PROF. McWHINNEY: Is there something comprehensible and short we could have from that?

MR. PERRY: I have been at many of these conferences. They are all conducted with delightful disregard for arithmetic. This introduces things which might be unchallengable as facts; one never wants to get into this position.

PROF. McWHINNEY: Except I think in a way, as Paul suggests, we are in this position, and the Premier has to have the contingent choices set up for him with the facts on which they are projected.





THE CHAIRMAN: We had better review some of the material we have got (I say, incidentally, there is a mountain of it) and sort out some of the most instructive material that would highlight the background and issues and their studies.

I think we had better have coffee, and then I think you will want to get into sub-committees.

I think we have a staff paper to pass about summarizing the present state of work, and probably we could fairly quickly go to sub-committees.

PROF. FOX: There are two procedural points I would like to be discussed. One is the meeting, the prospective, possible meeting with the Quebec group. I think we should discuss the wisdom of that. The second one is the meeting with the Legislative members.

THE CHAIRMAN: The arrangements I proposed, subject to your consideration, were that we have a light lunch in this room at one o'clock, and we can meet as long as you wish in sub-committees and reconvene at the end of the day.

On this point, Paul, there is the question whether we should discuss it now or later in the day, when people have had a chance to think of this. Whatever you wish.

PROF. FOX: I just feel they are really for our discussion here amongst all members of this Committee, because they will be pretty significant



points.

THE CHAIRMAN: I agree.

DEAN LEDERMAN: I suggest, Mr. Chairman, we might face this point now because there is nothing we can do to prepare for this.

PROF. MEISEL: Mr. Chairman, before we do adjourn for coffee, may I thank you for the way you have answered my question.

--- Short recess

-----

THE CHAIRMAN: Gentlemen, I am prepared to be guided by your wishes and your judgment for the balance of the day. There is certainly much work to be done in the sub-committees. On the other hand, it has been suggested that we might consider the two propositions Paul raised - the advisability of a meeting with counterparts in Quebec and the possible planning of a meeting with members of the Legislature.

I think I did skate around John Meisel's question a little. I am not saying I am going to answer it yet, John.

PROF. MEISEL: That was a stupid question.

THE CHAIRMAN: But it did remind me, as these things always do, of another point. That was to say that in the last few weeks members of our staff here have had a great deal of time with the



Prime Minister and the Treasurer in preparation for the meeting this week; and inevitably a great deal of discussion has taken place of a very wide nature. In the process, by osmosis, a great deal has been fed through of the discussions of the Committee to him.

I know that these matters now, as he said in Ottawa this week, are now top priority to him, notwithstanding some very heavy commitments that are also upon him.

I think we might consider another of our meetings with him, perhaps prior to the next round in Ottawa, which is likely to be the last week of October, and it is going to be an omnibus type of meeting. It is possibly going to last a full week.

It will include a summit meeting on federal aid to universities - the second meeting of the Tax Structure Committee and the meeting of Premiers and Prime Ministers, all rolled into one grand week. That is the present design. Whether they will decide it is reasonable to keep them there for a full week I don't know.

MR. STEVENSON: It might also be the week of October 17th.

THE CHAIRMAN: No, it won't. That was decided last night.

So we will have a meeting of this Committee before that time. It occurred to me we might well





have a session with the Premier.

PROF. FOX: We will meet them on our regular day, which is the 21st?

THE CHAIRMAN: I think we might settle our agenda for the balance of the day.

I presume all of you have made your plans on the basis of continuing your present practice, and the three dates on the calendar would therefore be October 21st, November 18th, December 16th.

All of this by way of agreeing with the point that John Meisel raised earlier, on our continuing problem; but I think we still face a responsibility of coming up with a point of view that represents what Ontario thinks about what is going on and what is going to go on.

Perhaps we might deal with your views on these three things in order: the proposed meeting with the people from Quebec, meeting with the Legislature, and then a possible meeting with the Prime Minister. I welcome any discussion on the first point.

DR. FORSEY: Who would it be in Quebec? Who are our counterparts?

PROF. McWHINNEY: This is the very crucial thing. The Premier has announced, Premier Johnson has announced in the last day that he is asking his Legislative Committee to act as - he didn't use the term "constituent assembly" but he indicated he was going to ask them to start drawing



up constitutions and things, and that they would do this fairly quickly.

Would it be this Committee or would it be the fonctionnaire that really seemed to be the very bright people? Is it Claude Morin, that group, or is it the Parliamentary Committee?

12

THE CHAIRMAN: As I say, I am guided only by pious principle and, as you might suspect, it is the thought inspired by reflection on the last days. I have really given no thought to how or whom or when.

PROF. SYMONS: Mr. Chairman, do you think you can explore the matter with Mr. Morin and advise, following your discussions with him recently, do you feel the way had been opened that you could now approach him personally and just get his assessment of the appropriate thing to do?

THE CHAIRMAN: Well, I, of course, have not raised this point with him at all without consulting the Committee here, but certainly our relationship is such that there is no problem of discussing this quite frankly.

DR. FORSEY: I come back to the objection that Donald Creighton and I raised when this came up before. Are we really going to find out anything at all by talking to Mr. Claude Morin?

First of all, is he not going to be playing his cards very close to his chest, poor devil, as I





should think he naturally would out of sheer self-preservation, if nothing else?

Secondly, even if he told us everything in his head, is he going to tell us anything we have not ample information and documented information on now?

I am not anxious to get into any meetings that are not strictly necessary. I had an old colleague at McGill who used to say: "Heaven is a place where there are no partings and no meetings". I wouldn't go so far as that. These meetings are a great joy and satisfaction for them, and I am not anxious for a proliferation of meetings which would merely hear sweet nothings, in French or English, from Mr. Claude Morin or anybody else.

PROF. McWHINNEY: There is a practical difficulty, I suppose, that Eugene's question raises. The exact counterpart is, of course, a political committee, a committee of members of the Quebec Legislature, so we obviously could not meet with those people. It would be improper, I suppose, to suggest meeting with them.

If it is a matter of meeting with their technical advisers, they are all extremely junior and non-policy people and I suspect again this is inappropriate.

So the only relevant group would be the fonctionnaire, and it could be, Mr. Chairman, that



you perhaps have sufficient personal rapport and Don and other members of your staff with the people on these committees to know really what they are thinking anyway. Maybe you could help us on that.

Is it worth meeting with Claude Morin and, say, a dozen of his close associates in other departments, the so-called group that were going to resign when Johnson came to power but who decided to stay on. Is it worth meeting with them?

THE CHAIRMAN: Of course it depends what our purpose would be. There is the information-gathering purpose, that is one thing; there is the goodwill work, if you want to put it that way, which is the other form.

PROF. SYMONS: There is more than that, Mr. Chairman. There is the matter simply of establishing a measure of rapport; the advantage to be gained by seeing what sort of problems other people see, and trying to see it through their eyes. I think there is great value just in the contact for its own sake.

PROF. McWHINNEY: But with whom, Tom? Not with the political committee.

PROF. SYMONS: No.

PROF. McWHINNEY: Not with the research assistants.

PROF. SYMONS: No.



THE CHAIRMAN: Maybe someone can advise me about the structure. We know the civil service group, Morin, Parizeau and others; we know there is a Legislative Committee. Is there, to use that term, a "brains trust" in addition? Is there a group of people such as yourselves? This I have never been able to ascertain, not without effort.

PROF. BRADY: There is not specifically. I have never heard or seen any reference to it, an Advisory Committee like ourselves. There is not a prototype of this Advisory Committee in Quebec.

That presents a real difficulty. It is not the only difficulty I admit. I think there are some problems we should be very careful about in meeting any group, organized group.

I am inclined to think it would be much better to have that brought up or made by yourself or Don Stevenson. What you could get in that way would be perhaps some useful information, and certainly you have a personal contact which I assume you already have -- at least you have cultivated more -- which would be useful, but I am not entirely convinced there is the same reason for this Committee as a committee.

PROF. MEISEL: Mr. Chairman, one of the possibilities, I suppose, would be to focus on a specific issue, and then to get together a group of





people - not these people, not one of the two groups already mentioned in Quebec, but another group. I am thinking of the fact that we have made recommendations about cultural exchange and that this has fizzled, probably because of the Ontario Government's inability seemingly to get moving on this.

If we are appointed as a group of people in Ontario to implement our proposals, or to think about them, then there might be some point in getting people from the Board of Education or cultural, or what have you, to meet with some Ontario people specifically to discuss what can be done to develop these cultural ties, and have really almost a working party on this. I think this might be probably the more promising kind of exercise at this stage.

PROF. FOX: I think that is a very good suggestion.

DR. FORSEY: I think it is an excellent suggestion. I should think probably Claude Morin, for example (Claude Morin not my bete noire) Claude Morin would be much more likely to speak with even a moderate degree of freedom to you than he would before a group of people. He knows you, he knows your understanding. You are not likely to get things wrong; but if you are dealing with a whole group of people he did not know, he would probably



wonder how many of those people really get the point, how many would know what was in the back of his mind, who had said certain things, and how many of them would misunderstand him; with the best of intentions, how many would go away with a completely mistaken notion of not merely what he said, but how far he was representative and so forth? If I were in his position I would be very leery about talking to a group of 15 or 16 strangers and telling them anything at all except what they could already get from published statements where he would be on perfectly safe ground, where he would say: "Well, in my statement of such and such a date, so and so was said". We can find that out ourselves.

PROF. MEISEL: I think I was probably the one who first made the suggestion about Claude Morin.

What happened was, you may recall, I had been down in Quebec City on a seminar from Queen's, and Claude Morin gave us an exceedingly interesting and illuminating talk about the position of Quebec. He started talking really about the role of education in inter-provincial affairs. I think it was an extremely illuminating thing which should have been heard by all of us.

The problem is now I am not sure to what extent this any longer represents a really serious





position. At that time this was very much, I think, the position that underlay the Quebec Government's posture towards the rest of Canada. I don't know whether it still does.

DR. FORSEY: He probably felt more prepared to speak then than he does now.

MR. MAGONE: From previous experience, I might say a meeting between this Committee and its opposite numbers in Quebec would probably be unproductive as far as we are concerned.

I think they would perhaps come here with the idea of finding out - if they came at all - finding out what information they could get from this Committee.

This probably would be much like a delegation from Russia visiting a similar delegation in the United States and you know how much information you would get there.

PROF. McWHINNEY: On either side in the case you mention.

PROF. MEISEL: Red guards.

PROF. FOX: I would be inclined to suggest, Mr. Chairman, we leave it with John Meisel's suggestion before you, and that you think about it, if you want to put it to the research staff or something like that; but I am inclined to agree with Mr. Magone and the others, we really should be cautious about the idea of this group meeting with



anyone. We really haven't got a constitutional position to stand on. I mean, who are we to go and meet people in Quebec?

MR. PERRY: Mr. Chairman, I wonder if an answer might not be to call upon a more or less disinterested party, such as Ron Burns at Queen's to act as host of a meeting of two groups, two groups to be designated in this case?

PROF. MEISEL: This is something he would very much want to do.

THE CHAIRMAN: That is a very interesting thought.

MR. PERRY: It gets us off the immediate firing line.

DR. FORSEY: In this case it means it might be better for Ron to invite such of us as he chose as individuals.

MR. PERRY: Yes.

DR. FORSEY: There is always the possibility that arises from what Mr. Magone and Paul Fox said just now, that if Quebec people came and listened to members of this Committee sounding off (notably, shall I say, myself and perhaps Donald Creighton and then the others) and in some other ways they might get, shall we say, somewhat confused information of an Ontario position or only too clear information, and perhaps may not be representative at all.



THE CHAIRMAN: Highly accurate impression.

MR. PERRY: If you could blacklist some members of the Committee in suggesting ---

PROF. McWHINNEY: It is not so far-fetched as it seems. A prominent Foundation in another country than this suggested to me last month that my present university might invite a list of people from my own country to meet with a list of people from their country off Canadian territory and they would put the money up.

Is that the sort of thing Ontario can do, subsidize Queen's and suggest a group of people who might be invited?

THE CHAIRMAN: You know, the gist of what I take out of this is, in the first place since there clearly is not a counterpart for us in Quebec, it would be difficult to have an institutional kind of meeting ground between two such non-existent counterparts; secondly, that the symmetry is not exact enough with the civil service either and it is awkward; that it would be more useful, therefore, to explore specific notions.

One, I think, is the direct one relating to the cultural agreement, and the other I like very well that we might pass forward the suggestion to someone like Ron Burns without any predisposition as to how he goes about it but this is an area where at this juncture a useful role could be played.





Certainly there are several of us on this group and people like Jacques Parizeau in Quebec who are on his advisory Council of his Institute. There is certainly logic there.

PROF. MEISEL: If you would like, I would be glad to tell Ron that this has come up, and I know this is something he has really had in mind for some time.

THE CHAIRMAN: It would be a great boost to his Institute, I would think.

PROF. McWHINNEY: Has he got the money to do it?

PROF. MEISEL: He has some money.

DEAN LEDERMAN: I do not think this is something that takes large sums of money. They would be people who have their own expense accounts anyway.

PROF. MEISEL: I think we could finance it, and if you needed something I daresay he could raise it.

DEAN LEDERMAN: I do not think this is actually a definite problem.

PROF. McWHINNEY: There would be about a thousand at the most.

PROF. MEISEL: People or dollars?

THE CHAIRMAN: For this purpose I think we could certainly treat it as part of our activities to the extent we would draft our own members.



I think we might ~~well~~ out these details. This has been very helpful, not conclusive but certainly to be guided by this.

PROF. McIVOR: Mr. Chairman, would the personnel involved in such a meeting be left entirely to Ron Burns' discretion, or would there be some effort to see that there were included representatives, let us say, of the three broad sub-areas with which we are concerned here?

PROF. MEISEL: Mr. Chairman, I would say he would probably want to appoint some members of his advisory committee to advise him, or seek their advice; and this in fact would give him a chance to talk to Ian, to talk to Parizeau, to talk to Morin and some other people here.

So I think he would probably want to be sure that what he is doing is not going to be wasted insofar as we are concerned.

PROF. McIVOR: I think it would be very useful from our point of view if it could be set up unofficially so that these major areas could have some direct confrontation.

THE CHAIRMAN: Very well, we will bear that in mind.

Tom, in connection with the cultural agreement, I have had some discussion the last little while with the Minister of Education who certainly, as you know, is concerned that they have not been





able to move more quickly.

There is a very simple, very pertinent feature there, and perhaps you might care to say a bit about the background of that. I think it is the problem of getting the man to head up this job which is really the bottleneck.

The Minister's view is that if it is done it must be done well. Therefore he must have the right man to do it.

PROF. SYMONS: I think that is the problem at the moment. The idea has been approved, and preliminary financing up to a quarter of a million dollars has been authorized. The Minister of Education has the project under his wing and has the task of finding a person to start the cultural exchange programme.

I think he has felt concern that the person should be someone who could start it at the level it should operate at in the long run, but it is very difficult just to second someone from one of his offices to do this and then to change gears once the project gets going.

Also I think he is concerned that it not become too completely identified with the Department of Education or any other particular existing government agency at the moment. That suggested again the wisdom of finding a fresh person from the Arts and Letters or from Education.



Then I think the truth of the matter is that he is just so very busy that he has been unable really to apply much attention to finding this person.

He did suggest to our Committee three months ago that he would welcome suggestions. You may remember, Mr. Chairman, at that time we invited members of the Confederation Advisory Committee to advance suggestions. I regret to report that there were no suggestions.

That is the position at the moment. There are one or two explorations that are going on which we hope will lead to something, but it has been very difficult to suggest to the Minister a person who will initiate this programme.

PROF. FOX: This would be a full time employment, would it?

PROF. SYMONS: Full time employment at a fairly senior level.

THE CHAIRMAN: Senior level at a senior salary.

PROF. SYMONS: Yes.

DR. FORSEY: And a Franco-Ontarian presumably?

PROF. SYMONS: Not necessarily. I did ask him to say quite frankly if, from the governmental point of view, there would be any strong preference in the matter. He said "No", that while it was an



appointment that inevitably had political significance, that they were quite open on it. They simply wanted the right man, and they would be just as happy if he were a Franco-Ontarian or if he were a person who was English speaking but fluently bilingual, or someone so willing to become more so.

PROF. FOX: It is also looked forward to - we look forward to extending this sort of agreement to other provinces, so it ought to be someone who is not exclusively oriented towards Quebec.

PROF. SYMONS: Yes.

DR. FORSEY: Might try for an Acadian.

PROF. McWHINNEY: They are rather rare, aren't they?

PROF. SYMONS: I think the Minister would feel that an Acadian would be all right but he should have lived in Ontario for twenty-five years.

DR. FORSEY: That reduces the field to four.

THE CHAIRMAN: You mean unfortunately they were not acceptable in those terms.

PROF. FOX: Tom, you are the person who has been most involved in this. Would you have anybody suitable to propose to this Committee that we might reflect on and put the name to the Minister? I know we are pushing the responsibility on to you, but I think you are the key person in this since you have had most to do with it, and you are also the person who is perhaps most familiar with the





whole field. It is nice of you to invite us to make suggestions, but have you got any idea now?

PROF. MEISEL: Roget Seguin did make a suggestion.

PROF. SYMONS: I talked to Roget yesterday by phone when I learned he would not be here today, and he has a number of suggestions. We discussed those, and I hope there might be an opportunity for me to join with him in meeting those people. With the assistance of one or two members of the faculties of different universities, we are looking in that area, but there just is not a director of cultural exchanges.

PROF. MEISEL: There is a man that would be splendid except I think he has really retired now and wouldn't want to take it on - Andrew B----- I do not think he is in a position now.

DR. FORSEY: Yes, I should think he would be very good. I never thought of him.

PROF. MEISEL: He is retired.

DR. FORSEY: He is retired, he is not young. How well is he now, rather frail?

PROF. MEISEL: He is in excellent shape, I think.

PROF. SYMONS: I think the person we get for this, if we help the Minister to find him, is going to have to do a great deal of energetic work and a good deal of travelling between Ontario and



Quebec and, I hope, eventually ranging wider; so that it will call for a person with a great deal of vigour and physical health.

PROF. BRADY: Very demanding.

PROF. SYMONS: I am afraid so.

PROF. MEISEL: One source we should not overlook for information, I think, is people on our own staff like Charles Beer, and perhaps some of the others who have, as students, recently been in touch with all sorts of people who are active in this field that we do not even know about. There may be some university instructor that has only been teaching for two or three years who may be just the kind of person who ought to do this. I think perhaps we should ask Charles particularly, who has some interest in this general area, to see whether he can dredge up somebody.

PROF. SYMONS: I think that is an excellent idea, and we will make a point of chatting with Charles to begin with.

THE CHAIRMAN: We will take it under advisement.

PROF. SYMONS: I think it is possible, if we can make a suggestion to the Minister, it may be more likely a person from that area, a younger person who can make a job of it.

PROF. FOX: Is Duncan Edmonds in this field?





PROF. McWHINNEY: Do you want that sort of personality? Duncan has many qualities, but is it as a salesman?

THE CHAIRMAN: I think we had better not get too clinical in that respect.

DR. FORSEY: I do not think it is surprising that you do not get many suggestions from this Committee, because most of us presumably are not too well informed in this respect. I would not have a notion in my head of anybody to suggest.

PROF. FOX: You are implying we are cultural illiterates.

DR. FORSEY: No, no.

THE CHAIRMAN: Not very good employment in this.

PROF. McWHINNEY: Is it an academic or an activist you are looking for?

THE CHAIRMAN: Academic-activist.

PROF. MEISEL: I do not think you want academics. I think you need someone who is imaginative.

--- Laughter.

PROF. McWHINNEY: You mean the Canadian Peace Corps type.

THE CHAIRMAN: Being enshrined in the Peace Corps of this Committee.

PROF. MEISEL: What I was going to suggest,



before I was rudely interrupted by Eugene's laughter, was that we do not want a scholar particularly, but rather somebody who is ---

PROF. McWHINNEY: An organizer?

PROF. MEISEL: Organizer who has lots of ideas. Some scholars do; some don't.

PROF. McWHINNEY: We had at our last meeting of the History Department somebody they tried to recruit from French Canada. I think you get into a basic dilemma if you get solely the organizer.

DR. FORSEY: John Meisel's remark just now reminds me of the delicate distinction in the Governor's Award between creative non-fiction and academic non-fiction.

PROF. MEISEL: I do not have that in mind.

DR. FORSEY: Like the Anglican prayer book distinction between choirs and places where they sing.

PROF. SYMONS: Mr. Chairman, just to finish that off a little bit before we move on, may I say <sup>on</sup> again/behalf of the cultural sub-committee, that we would still welcome any suggestions that might occur to members of the Advisory Committee and we will continue to work during the next month to follow up a number of possibilities and hope that we may be able to have a suggestion for the Minister.

THE CHAIRMAN: At the time that the crisis



in the sub-committee's programme was at its height, someone made a suggestion to me, but I did not have the heart to pass it on to Donald Creighton.

PROF. SYMONS: Thank you.

PROF. McWHINNEY: We ought to have some news of it.

THE CHAIRMAN: I would like to have some guidance, if I may, on the question of what should be done in preparation for the possible meeting with members of the Legislature.

PROF. FOX: I will speak to that, Mr. Chairman, because I feel pretty strongly about it. I think if we have a meeting with members of the Legislature, it should be very well proctored. It should be limited to a few specific topics. Those topics presumably would arise from papers that had been prepared by members of this group under the supervision of the Advisory Committee, to which members of this group could speak and that the discussions be conducted along the lines of those papers, limited to the nature of those papers -- take a specific example like Bill Lederman's paper on, say, the Supreme Court, something of that sort; so that we do not get into the position, whoever goes before the Committee, of being assailed politically on things that are not within the competence of that particular member or that he does not want to talk about as a member of





this Committee.

In this way I think we should guard against it being turned into a kind of partisan performance.

If we want to share our knowledge and views with the Legislative members and if the Prime Minister wants us to do this, fine, but I think it should be very much limited to specific items.

PROF. McWHINNEY: What will determine the content and personnel? Will it be the House sitting in formal committee? There are unusual facilities available for the exercise of bringing strangers in.

THE CHAIRMAN: I don't know. I think it might simply take the form of members of the Legislature being invited to meet with the Committee.

PROF. McWHINNEY: In the House?

THE CHAIRMAN: I don't know. I am totally ignorant of that.

MR. STEVENSON: We met in one of the committee rooms with the Portable Pension Committee a couple of times.

PROF. McWHINNEY: Was it a formal proceeding?

MR. STEVENSON: Formal proceeding, with one of the members of the Legislature, I guess deputy chairman of committees.

PROF. McWHINNEY: The Legislative Committee



held a formal meeting ?

MR. STEVENSON: Specially appointed as a special committee for a day. This member acted as the chairman for the meeting, and the members of the outside committee sat up along the table in front of about 40 or 45 members of the Legislature who came out for the day. Then proceeded an introductory statement by the members of the expert committee, followed by an interchange of questions and answers with members of the Legislature.

PROF. McWHINNEY: Operating under House rules, committee rules?

MR. STEVENSON: Up to a point.

PROF. McWHINNEY: You see, we are not the United States.

DEAN LEDERMAN: Would this be a public session with the newspapers present? I am not taking a position on that at the moment, but I am just asking.

MR. MAGONE: Surely not.

MR. STEVENSON: There was no press there on both occasions.

PROF. McWHINNEY: The United States Congress committee does this every day, and there are facilities which one may or may not admire in the American system, but it exists there, and in a way, on an issue perhaps as politically lively as Confederation, this really would need even more





examination than the pension issue which is presumably reasonably uncontroversial.

The House can sit in committee and can, under special circumstances, have strangers appear. There is the historic example of strangers appearing before the Bar of the House as a non-member and addressing the House. Committee procedure provides this machinery now.

MR. STEVENSON: Standing committees, select committees, often have expert members before them, civil servants or outsiders.

DEAN LEDERMAN: And the session may be closed or open, I would think.

PROF. McWHINNEY: Within the discretion of the chairman.

DEAN LEDERMAN: Depending on how many people are there it might as well be an open session. If the gathering is past a certain size, I would rather have the press there openly than have them working on leaks.

Also the thought occurs to me that certainly some members of the Legislature have an expectation that something public ought to come out of this Committee; some assistance to the public in the way of information and guidance ought to come out of this Committee. I am not sure, they may well be right about it. I think it is one of the things we have always been worried about, but I think we may be



embarrassing the Premier somewhat by insisting that everything all along the line be in camera.

Probably we ought to address ourselves to the question of how, without any prejudice to our proper function in relation to him, we can do something else that would provide some background and information to the public, which does not commit the whole Committee to the position and which does not commit the Premier to a position, but helps public opinion.

Reading the extracts in the Debates, my feeling is that it is going to be increasingly difficult for the Premier to go before the Legislature at the next session and the session after that, and there is still nothing anybody can see out of this Committee "except myself and my Ministers". I think there is something here to which we must address ourselves.

PROF. BRADY: I would agree very much with what Bill has just said. I think some session of this kind would be very useful and meet the problem that confronts the Prime Minister; and it would, from our point of view, certainly be the most feasible way of appearing before members of the Legislature.

However, I believe what Paul Fox has said, that there must be specific topics introduced by members of our Committee, and those topics adhered to.



In other words, the discussion should not be allowed to roam all over the map, because that would lead inevitably to confusion and contradiction.

PROF. McIVOR: Paul, is it one of the implications of your suggestion that the range of topics would be limited to those where papers could be made available in advance to members of the Legislature who would be interested in reading them?

PROF. FOX: Yes, I think this would meet the demands of some of the members of the Legislature at any rate; and also it would fulfill the obligation that the Prime Minister established in his remark, such as it was - a sort of partial obligation to see what he could do about bringing the thinking of the Committee before the public.

I think we have discussed this previously. We have believed there are certain papers which there is no harm in releasing, but that there would be others we would not want to release.

For example, the one of your sub-committee on fiscal matters is obviously not, or seems to me not, the subject that you would want to present to that committee and get involved in; because then, of course, somebody would inevitably turn around and say: "Why hasn't the government followed this suggestion?".

PROF. McIVOR: Does this mean this whole area of potential discussion would be ruled out?

PROF. FOX: Narrowed down to specific





topics that you say you would be happy to discuss with members of the Legislature as yourself, member of this Committee, but not putting you on the spot of disagreeing with what was government policy.

It is a very thin line you have to discuss there, but I think possibly it is a line that could be adhered to. I think Dr. Brady is right, that it would require a strong chairmanship.

THE CHAIRMAN: Absolutely.

PROF. FOX: On the part of the person who is presiding. It would be very unfair to any one of us to put us in the position publicly of getting into the spot where we were forced either to disagree with the government we were supposed to be advising, or defending it. I do not think that is our function.

PROF. MEISEL: One thing we have to be very careful about, if we do discuss specific papers, that those papers either are considered to be special papers written for the purpose -- I do not think we should be in the position of saying that document "A" is a public document but document "B" is not; because then somebody will say: "Why don't you publish it?" You are concealing certain documents that you are not making available".

So whatever papers, I think, we discuss should be considered to be papers specially prepared for this particular session even if perhaps they are



not quite.

PROF. FOX: Yes, they might be the same paper but tendered that way.

THE CHAIRMAN: We could certainly review the material that there is prepared, and decide what of that great assembly of material we have here which might be useful background material for the purpose.

PROF. McWHINNEY: Is there a committee of the Legislature that would be appropriate?

THE CHAIRMAN: No.

PROF. McWHINNEY: Then you are going to find it awfully hard to control the agenda.

THE CHAIRMAN: I think one would have to spend a good deal of time, or Don and I for example would have to spend a good deal of time with whoever was going to be chairman of this meeting, to make sure he was fully aware of the background and character of this.

PROF. McWHINNEY: You can also see it ending up - and there many merits in the system - see it ending up as many of the large policy committees before Congressional hearings have, as a sort of general policy discussion on the crisis in the federation and the like.

There may be merits in the Legislature conducting these sessions here, but it would in effect change the role of this Committee qua committee.



I think they would benefit from hearing Paul Fox pontificating on the crisis of Confederation, but it would have been different from his role ---

PROF. FOX: Flattery will get you nowhere. The thought occurs to me that maybe we should reverse the arrangement and arrange it so that members of the Legislature are invited to a session of this Committee, over which you would preside, Ian, and where the relevant papers would be presented in a somewhat larger room and so on; but if members of the Legislature were invited, presumably only those who are very interested would turn up. You wouldn't be embarrassed by the large number, I don't think. Then it would lie within your control, and what is wrong with that? We do not have to go to the Legislature to present our views; they presumably could come to us.

THE CHAIRMAN: Yes, I like the suggestion. I would be a little worried about my chairing it, for this reason, that if I were, like you, an outside member, so to speak, of the Committee, it would be different, but if I have got to wrap members of the Legislature, as a civil servant ---

PROF. FOX: All right, may I make a revised suggestion, that the Chairman of the sub-committee under the jurisdiction of which the paper is going to be presented, would preside on this occasion.





THE CHAIRMAN: That might be any ---

PROF. FOX: It might be Dr. Brady, if cultural; Dean Lederman if it were a constitutional matter. It seems to me that puts the initiative on the other foot and perhaps protects us.

PROF. McWHINNEY: Would that be politically acceptable?

PROF. MEISEL: Ask members of the Legislature to write a paper which we would then discuss.

PROF. McWHINNEY: Perhaps it would be harder for the Premier to sell that politically, in the light of the Premier's responsibility for questions as to why these things are secret. He is caught over this, but I assume he might wish to keep, say, the option of meeting in the House, and I suspect the Opposition would more or less prefer that.

DEAN LEDERMAN: There may be an issue of propriety or protocol with the Committee.

PROF. SYMONS: And the Legislature gets the summons.

PROF. FOX: We would not summons it. The Premier would announce that the Committee was going to make itself available, and that there were papers (setting forth X, Y, Z) on these subjects, and when they arrived it would be chaired by the respective people to be chairmen. Members of the



Legislature who wished to read these papers, the papers would be available on such and such a date.

PROF. McWHINNEY: It would be intellectually more suitable but politically not so helpful.

PROF. FOX: I think you could get away with it frankly. I do not see why not.

THE CHAIRMAN: I would want to talk about it to the Prime Minister and those around the government who have had experience of this sort of thing.

He does make it equivocal, as you recall, in his statement about it to me, that he would be quite happy to arrange such a meeting if it is agreeable with the Committee, i.e., this Committee.

I also might mention in passing that you probably notice a couple of bad bits of reporting in this particular extract such as, I mean: "If Paul Fox wants to publish his opinion" and then it has, "Report from Dr. Donald Creighton".

PROF. FOX: I was a little confused about that.

THE CHAIRMAN: I called the Speaker's office about it myself about a couple of places that I was completely lost and they apologized, and said they were unable to do anything about it. It was where they simply had not got or heard the thing accurately in their transcription.

DR. FORSEY: I trust the description of myself as "colossal" is also a piece of bad reporting.



I had put on some weight, but I did not think I had quite got to those proportions.

DEAN LEDERMAN: I presume these papers will be prepared for the purpose, and I agree with the idea of the series of papers as a basis for this; but I assume these papers will be presented as the views of the individual responsible for the paper and we are not holding sessions at which one Advisory Committee consensus after another is being presented, because, of course, we have discovered we do not produce consensus in this way.

THE CHAIRMAN: I think the whole character of the meeting would be to stress the professional character and the professional presentation of individual members.

DEAN LEDERMAN: Individual responsibility for the views, and this gets the Committee off the hook as a Committee.

THE CHAIRMAN: Certainly on the record the Prime Minister made it clear in the taped debate it was not in his judgment reasonable to expect that this Committee was going to produce consensus on any of these questions.

DR. FORSEY: I think if it is properly organized - and I agree with Paul Fox and others on this point - it could be very useful. I think it would be useful to us and to the public and to the government alone. For one thing, it would





presumably set at rest this canard that we are all a collection of card-carrying Conservatives.

THE CHAIRMAN: That we are under wraps all the time.

DR. FORSEY: It would also clarify a number of things, but we want to be sure that it is properly organized so that it does not degenerate into some sort of inquisition sort of thing as: "Where were you on such an occasion?" "Who asked you, first suggested you as a member of this Committee? Did you meet Mr. So and So?" etc. I have nothing particularly to hide, but I do not think this kind of enterprise would be very helpful to anybody.

DEAN DILLON: I think we should recognize, Mr. Chairman, if this Committee is held, that our position vis-a-vis the Prime Minister and the Government is going to be changed. If we want it to be changed, that's fine, but I think we have an out here. We don't have to have this meeting. Personally, do we want to have it?

PROF. McWHINNEY: There is perhaps a compromise position available. The compromise might be to allow the Premier to indicate, since he is in charge after all of House business, that he will set a debate on Confederation and suggest that the House might wish to hear members of the Committee in their individual capacities, and presumably those who are



interested may indicate they would appear.

DEAN DILLON: Regardless how we arrange this, I think the Committee itself is involved. Any one as an individual quite clearly now has the prerogative to make a statement, but if we involve ourselves as a Committee, we might find we will have to do it again.

MR. MAGONE: Mr. Chairman, I think we will have to anticipate from what we know of the members of the Legislature who are likely to be present at a meeting of that kind, we have to anticipate it will develop into a cross-examination of certain members of the Committee.

DEAN DILLON: That is what I am afraid of.

MR. MAGONE: I don't know how that could be avoided. I see some dangers in it. I would like the idea if it could be controlled, and agree with what Paul Fox has said. I don't know, I am a little hesitant about it.

THE CHAIRMAN: From your long experience of the government here and government practice, do you recall any other situation of this kind in your experience?

MR. MAGONE: I do not remember any such meeting with a Committee that is set up as this one has been by the Prime Minister.

PROF. MEISEL: There never has been a committee like this.



MR. MAGONE: Never will be again,  
 (Laughter) set up where it would be thrown open  
 to cross-examination by members of the Legislature.

MR. PERRY: I am a bit concerned about our  
 appearance in public as a group. I just cannot seize  
 the implications of this debating-society making a  
 public demonstration as a group.

Obviously any member can speak to any  
 individual of us at any time if they wish. We can  
 meet as a group and carry on our usual learned and  
 discursive sort of discussion. This may not enhance  
 our public stature, incidentally.

PROF. McIVOR: I wonder, Mr. Chairman,  
 if we set up a meeting of this kind, if we really  
 accomplish the political objective by saying:  
 "Well, we are willing to talk to you about subjects  
 A, B and C and nothing else" in effect; and someone  
 will say: "Well, is this all you are doing, or what  
 other subjects are you interested in; and if you  
 are interested in other things, why can't we ask  
 you some questions about them?".

PROF. McWHINNEY: Maybe the key is in the  
 statement of the Premier about these people expressing  
 their personal views. If the real issue is to have  
 a discussion on Confederation, if the Opposition  
 wants that and access to expert opinion, couldn't  
 we suggest to the Premier as one possibility, to  
 have a debate on Confederation and to have individual





members of his committee come in, others appear if they wish, and express their opinions? The cross-examination presumably then goes to their opinions and this is perfectly relevant and perfectly sensible.

Some people may not want to appear and some people may wish to say: "I have no opinion on this" but they are expressing views as individuals, and I think that would be very educational for the Legislature to have a sort of advance seminar of this sort, and it might be the sort of thing the Premier might wish to do if he examined the implications of meeting this Committee, and decide, in the light of the Committee's view, he would want to do that.

PROF. McIVOR: This would put, likely, the members of the Committee in an inoffensive position if they have to operate in the midst of a highly political type of atmosphere.

PROF. McWHINNEY: That depends. Some professors like public hearings; others don't. If it was inimical to the work you are doing, you might say: "I am sorry, I don't wish to appear"; but I do not think it embarrasses the Committee if Paul Fox says he thinks we need a new constitution or we don't need a new constitution.

PROF. FOX: I think, in answer to what Harvey said, I never said it would be a meeting at which all members of the Committee would be required



to be present ranged along one side and the Legislature members on the other.

It would be almost in the nature, if we followed the idea of having the Committee taking the initiative, of a quite academic session in which the Committee had said: "We are going to have papers presented by three or four people" and the papers circulated in advance as Bill said. The man gets up, reviews his paper or gives the gist of it, and then the member is free to question.

DR. FORSEY: The Opposition might not buy this. Judging by the speeches of Thompson and MacDonald, they are out for blood.

PROF. FOX: Then the point there, in terms of political tactics, is that the Committee has made an offer to reveal some of these points of view at any rate, and if the Opposition does not want to accept it, all right.

PROF. BRADY: Surely there is the advantage of this suggestion. In other words, it meets, tries to meet the situation where there is criticism of the secrecy of operations of this Advisory Committee which is debating in a closed room and conveying its opinions only to the Prime Minister.

Now, that is a very compromise way of meeting the criticism admittedly. I think, as Paul Fox mentions, it should not be the Committee



meeting as a unit before the committee of the Legislature, but certain people from the Committee appearing and speaking on matters that they have done a little work on, and confining their discussion to those matters - just as a civil servant might come and give evidence before a Committee of the Legislature on a specific matter. He, of course, would confine himself very strictly to the facts of the situation and would endeavour not to commit himself on any policy.

The analogy may not be a very close one, because actually there is freedom on the part of members of this Committee to hold opinions, express them if they wish. In fact, members of the Committee do express opinions and write articles and so on. They are expressing opinions and they would be free before such a committee to express any opinion and to defend them and elaborate on them if necessary before the committee; but I do not think that it is the Committee as a unit, and that should be made very clear.

Another point, the Chairman, as a member of the Legislature - and I suspect that is probably what would be most acceptable to the Prime Minister - I would suspect it would be most acceptable he should consult with the people who are presenting views.

Now, mention has been made of prepared





papers. I wonder whether it is necessary to prepare papers for them all? I think that should be left to the discretion of the individual. The main point is that he speaks on a certain matter before the Committee.

Now, maybe this is not workable, I don't know. There are difficulties in it. It is an untried experiment as far as I am aware, because the Pensions committee was not quite the same. That was a much more technical and restricted subject.

I think at least this is a try on our part to meet what seemed to be criticisms of this institution of the Advisory Committee.

THE CHAIRMAN: Well, it occurs to me - and I make this suggestion quite seriously - if one looks back at the source of criticism, it has been that the Committee has been somehow kept under wraps and that, therefore, members of the Legislature and of the public have been denied the benefit of the views of the members of this Committee on problems of Confederation.

Perhaps the answer then is to collect together a volume of all the speeches, writings, letters to the Editor and so on, that the members of this Committee have made since February 1965, and put them together and send them around.

PROF. McWHINNEY: You would need more



than one volume as you are aware.

THE CHAIRMAN: Ray?

MR. FARRELL: It seems to me, Mr. Chairman and members, that a lot of this question of the form of the meeting, if the meeting is held, would likely have to be resolved through close consultation between Mr. McDonald and the chairman of the Legislative Special Committee and presumably the Prime Minister as chairman of the Legislative Committee. Presumably he would be able to keep the meeting pretty well in whatever bounds had been decided on in advance.

Of course, he would have to keep the members who would be attending this committee meeting in close touch with the purpose of the meeting.

If, say, an Opposition member came to a meeting hoping to have a general cross-examination, and then found himself restricted to one or two particular topics, he might feel that the meeting was not in line with what he had been led to expect; but if the chairman of the Committee would be in liaison, Legislative Committee, that that could be got around; but I think there is a possibility that if it is restricted to two or three topics, and that the members, I think, of all parties, if it were understood ahead of time, would stick to that line, there is a chance that they might then come in the Legislature and speak out again that they



were not being given enough information.

However, that is the risk you would have to take, but I certainly think, if that were made clear to them in advance, they would stick to the topics that had been decided on, and I think the meeting itself would not be made a political meeting.

MR. MAGONE: Mr. Chairman, I was going to suggest that if it could be confined to answering the question that has been asked by the Opposition: "What is this Committee doing?", that we might be able to answer that question without giving any conclusions, what we have been doing. I think that is probably all they are entitled to at this juncture. We have not come up with very many conclusions that have been submitted to the Prime Minister. That is what has been asked in the House: "What are we doing?" We might be able to confine our answers to that.

We have been investigating these various questions, and we might report on that without disclosing what the Committee's conclusions have been in relation to those questions. There haven't been very many of them as a matter of fact.

DEAN LEDERMAN: Mr. Chairman, on the matter of cross-examination, I just have two comments to make.

In the first place, I do not think any of





us need to fear cross-examination. We have all had plenty of practice, I think, in responding to questions and in qualifying our answers when we want to qualify them. If we do not think it can be answered, or if you do not have an opinion, you say: "I cannot answer it" or "I do not have an opinion on that and have<sup>1</sup>not thought it through to my own satisfaction". I do not think we need to fear cross-examination. It is part of the process of discussion.

The second thing is that under the topics, if we tie ourselves ---

PROF. BRADY: Excuse me. May I just interject? We are not willing to be cross-examined, however, on everything that a member of the Legislature would wish to ask, whether it was related to the subject we were talking of or not.

DEAN LEDERMAN: No, I would think the ordinary parliamentary rules of order should obtain, and that you do not allow a discussion on , say, children's allowances, when it is the amendment of the constitution.

PROF. McWHINNEY: Is it the aspect of relevance you are thinking of or what advice we are giving to the Prime Minister? If it is the first that Bill mentioned, you say: "Look, I am a constitutional lawyer or political scientist and I am not informed on that, and you should ask



somebody else on this". That is the standard professor's answer.

DEAN LEDERMAN: Perhaps my second point is relevant to that too, namely, that if the topic is reasonably broad that is being discussed - and most of our topics are rather broad - it is very easy for one matter to lead to another, for one question to lead to another, and there is not this security in restricting the discussion in relation to a topic, there is not all that much security if the topic is of any breadth at all. One thing will lead to another and the questions are likely to range pretty widely, given the best you can expect in the way of subject definition.

PROF. BRADY: I was thinking of this kind of question which you may readily get: "What have you or the Advisory Committee of which you are a member, advised the Prime Minister on such and such?". Can that question be permitted?

DEAN LEDERMAN: I do not think that type of question should be permitted.

PROF. FOX: That is what they are going to ask.

DEAN DILLON: Sure they are.

THE CHAIRMAN: I am sorry, I missed that. What was the question?

PROF. BRADY: A member might say to one of our members: "Is it your opinion that such and



such goes? Have you advised the Prime Minister to this effect?" Or "What has the Advisory Committee advised the Prime Minister in this matter?" .

In other words, an embarrassing kind of question will be thought up undoubtedly, perhaps more skillful than those I suggest. That is why I emphasized the necessity for a very careful chairing of the discussion.

DEAN DILLON: I think it is impossible to be careful enough. I think if the Committee had been asked from the start to tackle a certain problem and come up with a consensus, then perhaps the Committee could - undoubtedly the Committee could defend this position. We have not been operating this way, and I think we would be defenseless and our effectiveness could be destroyed.

PROF. McWHINNEY: That suggests really what Professor Brady and what you said, Dean Dillon. It really suggests the format of the meeting almost has to be that it is inviting experts to appear as experts in their area or professional expertise.

DEAN DILLON: And as individuals.

PROF. McWHINNEY: And as individuals. That would be perfectly acceptable to many of us, probably to all people here, in their personal, expert capacities.

DEAN LEDERMAN: Because one is there in that capacity, the type of question about: "Has the





Committee done this and that?" that question is irrelevant.

PROF. McWHINNEY: It is completely irrelevant.

DEAN LEDERMAN: It could be asked but ought to be stalled.

PROF. McWHINNEY: If anybody does, you say: "I am sorry, I appear on this basis only" but the Committee is not implicated.

DEAN LEDERMAN: The Committee is not implicated, and the answer is perfectly relevant and proper, if someone posed a question like that.

PROF. McIVOR: Furthermore, the question of what the Prime Minister may have been advised is surely one that it could be suggested should be referred to the Prime Minister for disposition as he sees fit.

DR. FORSEY: Yes. In parliamentary terms, our communications to the Prime Minister are privileged.

PROF. McWHINNEY: Right, and we are appearing as experts. The Premier has called a debate on this matter or opened the facilities of the Legislature. He controls the business of the House and he is bringing expert people in. This is surely the legitimate thrust, if it has legitimate thrust anywhere, of this Opposition criticism, that they are not getting information, bright ideas and



opinions from bright people. He says: "I bring these people in as experts, and they come and express private opinions".

PROF. McIVOR: In other words, any response we make is as individuals, and any question as to the activities of ourselves as a group ---

PROF. McWHINNEY: Is irrelevant.

PROF. McIVOR: Is a question the Prime Minister must deal with and not us.

PROF. McWHINNEY: Certainly it is irrelevant to us.

DEAN LEDERMAN: There is this to add, of course. If, for instance, I were to sit there and give my views on the amendment of the constitution, it is implicit in what I am saying that if the Prime Minister did ask me, he would hear the same thing from me.

PROF. McWHINNEY: But he would also hear Professors Brady and Forsey whose views might be diametrically opposed.

DEAN LEDERMAN: But the Committee is not being committed.

THE CHAIRMAN: In that case then, perhaps the safest thing to say is that the topics that we are to dispose of are of such a controversial nature that they will have a fair sample of the diversity of opinion that exists, and this in turn



answers any question that there might not be any approach to unanimity in the Committee.

DEAN LEDERMAN: If there is a paper, you could have rapporteurs there commenting on the paper, and if our sessions are any indication you could easily get people who would want to qualify or disagree with what is in the paper.

PROF. McIVOR: In the end, if we were to suppose on some particular question to be discussed there may be absolute unanimity among members of the Committee, there is still no obligation on the Premier that he should have accepted our advice.

THE CHAIRMAN: Quite.

DR. FORSEY: Surely it amounts to this, that if the Opposition wants to question us we should be invited to appear individually, and then they can ask us anything they want.

There may be some things we do not want to reply to, and there may be some things to which we will simply say: "I am sorry, I do not know enough about it". There are lots of things that might come up where I would have to say I don't know from Adam what the answer is.

PROF. MEISEL: That still doesnot meet the requirement of some members of the Legislature as to what this Committee is doing.

DR. FORSEY: Then they can ask the Premier. That is his business.





PROF. McWHINNEY: He can at least take the initiative. We should at least be in the position where he can take the initiative and say: "I have been asked to have a debate on Confederation and bring experts who are available and we are going to hold a Committee session. As the Leader of the Government, I exercise my discretion, and the members of the Committee have indicated they would be happy to appear and answer in their personal capacity". I think he should be able to show the virtue of the conflict of opinions.

PROF. McIVOR: Where we would individually explain to the Legislature what it is we have been doing, the broad range of issues we have been looking at.

THE CHAIRMAN: This is, after all, the background of the criticism, and it would be explained how we are organized to do this, and then to try and develop within a reasonable framework a questioning session by the members of the Legislature to which we would reply; it being clearly understood that we are replying as individuals and without providing any Committee views at all.

If the question is asked: "What, as a Committee, have you advised the Prime Minister?" we say: "Well, you ask the Prime Minister. The Prime Minister will have to deal with it".



DEAN DILLON: The minute we enter into a dialogue with members of the Legislature, in my opinion, this is all we will have time to do in the future. If we answer one question, explain one aspect of our activities, well then, it will not look right if we do not answer the next question that comes along, and, believe me, I believe there will be other questions. If we get involved in this, I think we have very little initiative to direct our investigations into new areas and so on as the situation may change.

PROF. McWHINNEY: Even on the personal basis?

DEAN DILLON: Not on a personal basis. This is all explained, the Premier explains this at 5936, that we are all free to do that, so why do we have to take more action?

PROF. McWHINNEY: I think we could answer ones in this private capacity. I think if the general members of the Committee were briefed ahead privately and pointed that out, that would be helpful.

THE CHAIRMAN: Can I suggest, a great deal has been said here and obviously it is not an easy matter, and we will have to think further about it, and I will certainly be discussing it with other people.

DEAN LEDERMAN: When does the session open?



THE CHAIRMAN: The point is the Legislature does not open until the middle of January, so that in any event I think it wise to place this before us today. There is certainly not an urgency about settlement, but I think this is something we should reflect on at some length and anticipate very well where it might be taking us.

MR. PERRY: Mr. Chairman, one further suggestion. I think we should reflect upon the possibility of simply submitting to the Prime Minister a formal report on what we have been doing, which he in turn can submit to the Legislature if he wishes.

There is nothing unusual or unique about this. That is the way in which every department of government and every bureau functions.

We can simply list the subjects we have examined without any indication of recommendations or views or conclusions, and let this be the record of what we have been doing. There is nothing to be ashamed of here.

MR. McIVOR: This, however, will only partly meet the criticism.

MR. PERRY: I do not think that a public performance by a committee, unless it is reported every day, is really going to do the whole job.

PROF. MEISEL: Further, to call a special





committee of the Legislature may be a way of handling this particular question, but it will look to the country as something entirely different. It will look as if Ontario were setting up a counterpart perhaps of the Quebec committee on the Constitution. Maybe it should, but if that was not the intention I think the Premier would have to think very carefully what he is really doing.

DR. FORSEY: The whole business is very tricky. I think the Prime Minister is perhaps in a better position to appreciate this trickiness.

My suggestion would be that the Chairman should have a discussion with him in which he can utilize what he thinks is in point in the discussion here.

The Premier is no "babe in the woods" in this matter. He will know what kinds of difficulties there are better than most of us. He may say: "This is a particular thing that somebody suggested would work, that would not. I know those birds and it just won't work".

MR. PERRY: They are obviously not interested in policies, but interested in politics.

PROF. SYMONS: Mr. Chairman, may I express concern about one point. I think we can see a valid distinction between individual members of the Advisory Committee appearing in their capacity as experts of one sort and another and as private



individuals for some special occasion. I am not sure that the public will be able to see the distinction between people appearing as private individuals and experts appearing as representatives of the Advisory Committee. I am not sure that the members of the Legislature would, or in some cases would wish to see that there was validity in this distinction.

I think that while we have talked ourselves nearly to the point of feeling that this is a satisfactory approach, if some appearance is necessary, I am not really convinced that it is a satisfactory approach.

DR. FORSEY: I had had the idea originally, the rather bizarre idea, I suppose, that the thing might conceivably be worked out as something of a social occasion - just invite the people to a cocktail party or something of that sort. I am the last person to suggest that -- coffee or whatever you like.

THE CHAIRMAN: That would reach the Floor of the Legislature.

PROF. SYMONS: Have it on the Floor.

DR. FORSEY: Then members of the Legislature can move around and chat with various people, and they could come to Meisel and say: "What do you think about this" or "What do you think about it, Mr. Fox?"

PROF. McWHINNEY: I am happy with Eugene's earlier suggestion, but I just add one thought, that



I don't think this suggestion of appearing in a private capacity creates necessarily the problems some people thought. For one thing I do not think it would be a one-day session. I can see two or three weeks of rather dull - initially interesting but rather dull hearings that would be rather informative for a number of members but which most turned down.

I don't know, that wouldn't be too bad. I think I told you I appeared on television with Donald MacDonald (not the Liberal member but the Opposition man) and he is a man who reads a lot. I remember his saying to me at the end (and I took this as a compliment to the profession and not to me) that he had been very much educated because he said he had not read any books on federalism in recent years and he hadn't had the time.

I could well understand this. On the other hand, for most members of the Opposition, it might make them aware of all the horrible complexities of the problems to which they have been seeing rather simple solutions - particularly if they hear some of the constitutional committee and realize there were fine differences of opinion among its members on certain points.

PROF. BRADY: I think, Mr. Chairman, in conveying the impressions that you get from this discussion today, to the Prime Minister, that is, the suggestions of this Committee to the Prime Minister,





and the suggestion that Harvey Perry made as to a specific report of what the Committee has been doing, that important counter-positions no doubt the members of the Committee had taken.

THE CHAIRMAN: I think this is certainly much more the business of the Prime Minister than it is of myself, and I will make the record available of this for his consideration.

Could I suggest that perhaps we had better go to our sub-committees following lunch. I had on the agenda "Reports by Chairmen of Sub-committees". Perhaps, Don, we could have -- Peter, would you mind circulating this staff report and some of the work in progress. We can then resume briefly at the end of the day for reports.

PROF. BRADY: Mr. Chairman, about the sub-committees. It should be mentioned that most of the members of the cultural committee had been mentioned as members of the revised constitutional committee. I believe actually the members of the cultural committee sit in with the constitutional committee.

I do not mean that the cultural committee disappears. I think it has a job, that it wants to make a report on its discussions and so on, and that it will do in the course of the autumn, but I think culture and constitution come, at the present stage of our discussions, more and more



together. I think the two committees really should be sitting together.

THE CHAIRMAN: Is that agreed, that the two committees might meet jointly or together here, and the economic and fiscal committee in the 10th floor board room.

--- Cries of agreed.

THE CHAIRMAN: We would resume at what hour? I think we have no other business to settle except you would want possibly reports from the sub-committees. Is it necessary to meet again in plenary?

PROF. FOX: Why don't you assist the sub-committees later in the afternoon yourself?

THE CHAIRMAN: All right. Could we say that tentatively we might resume here at 4.30, subject to report according to progress and appearances in the afternoon.

DR. FORSEY: May I ask if Professor Brady's paper is going to be before the joint sub-committee this afternoon? I do not think it has been considered.

THE CHAIRMAN: The revised Brady paper.

DR. FORSEY: Modern federalism, modern federation, is it not?

DEAN LEDERMAN: It was discussed at the weekend session we had in its earlier version.



DR. FORSEY: That is the one I missed.  
I got it during the summer.

THE CHAIRMAN: That was the revised.

PROF. McWHINNEY: You will advise the  
Premier, Mr. Chairman, will you, in the light of  
our discussion and report back at some later date?

THE CHAIRMAN: I certainly will. We will  
resume at 4.30 unless events suggest otherwise.

--- At 1.10 p.m. the meeting adjourned, to re-assemble  
after lunch in sub-committees, and resumed in  
plenary session at 4.30 p.m.

DEAN LEDERMAN: Mr. Chairman, report of  
the combined cultural and constitutional sub-  
committee.

We reviewed the list of topics on which  
papers were to be prepared, and report that progress  
is being made on all of them and the papers themselves  
are expected during the next few weeks.

We approved Mr. DeLisle's paper on  
Ontario's International Arrangements as an accurate  
survey of the situation in this subject, and it will  
be put in the file as the definitive study on this  
subject. To that paper Dean Lederman is to add a  
page or two to indicate the relevance of the study  
to the problems of the Committee.

We decided not to do an overall summary of  
this group of papers, but to leave them as a  
collection of individual papers. However, we did





want a subject and author index for this group of papers to be prepared, and indeed indexing generally the materials being gathered by the Commission, the problems that ought to be considered. Professor Meisel is going to make suggestions to the Federal-Provincial secretariat on the subject.

Then we discussed the question of the "Estates General" in Quebec. We are very confused as to what it means. It has some relation to the idea of the constituent assembly, and there is something here we may have to study and face up to pretty soon. The opinion was that there would be a lot more in the Province of Quebec in the next month about it in published form which will be gathered for us and which we can look at. When we know more clearly what the Quebec law means, we can tackle the question. I think that is the ground we covered.

THE CHAIRMAN: You mentioned that the studies in a state of process are coming on in the next few weeks. One that was not mentioned on the list was Professor Rowat's study and I have not been in touch with him myself. I do not know if any of you happened to have seen him over the summer. That was on the capital district.

PROF. MEISEL: I saw him. I didn't say anything.

DEAN LEDERMAN: That did not originate with



us. I do not know anything about that one.

THE CHAIRMAN: That is right.

PROF. McWHINNEY: This arose from cultural?

DR. FORSEY: It came before the main Committee, though.

THE CHAIRMAN: It went before the main Committee.

DEAN LEDERMAN: It rings a bell now.

DR. FORSEY: I will see Rowat probably on Monday or Tuesday. I have to be out to Carleton, Ottawa, to take part in oral examinations of M.A. candidates. I can ask him about this if you like.

THE CHAIRMAN: This would be fine, thank you.

The papers of more immediate concern - the Forsey, Creighton, Lederman, McWhinney contributions, they are coming along then.

DR. FORSEY: Report progress and ask leave to sit again.

DEAN LEDERMAN: That is about it.

THE CHAIRMAN: Mr. Johnson said last evening (which I should report to you, Eugene), that it was wonderful to live in North America and particularly in Canada, where issues could be settled without people taking shots at each other - ballots rather than bullets, I believe he said. So I take it we can also attempt a flood of words here in



counter-positions perhaps to throw into the class.

Are there any other questions or problems in that area? Where does this leave the work of the cultural committee now?

PROF. BRADY: The cultural committee this afternoon was submerged in the constitutional.

PROF. MEISEL: Amalgamated.

THE CHAIRMAN: Joined.

PROF. BRADY: It has not lost its identity.

PROF. McWHINNEY: They were more vocal in the constitutional committee than the constitutional committee members and more relevant.

PROF. BRADY: It has nothing to report about this afternoon, but what I think the cultural committee will do is to meet between now and the next monthly meeting of the Advisory Committee. What it wishes to do is to prepare some kind of report on the question it has been discussing, and, after meeting and discussion, some time within the next month it will have something to report, Mr. Chairman.

THE CHAIRMAN: All right, thank you.

Harvey, have you anything more you want to say?

MR. PERRY: You are more familiar with our position almost than I am.

I am afraid we found our committee's work has been overtaken by the hard facts of life. The





various subjects which were assigned for study largely by the staff of the Economics Department, had to take a second place to preparations for the provincial conference. Although we reviewed them and agreed that most of them were still fairly valid subjects, there is very little work or progress to report as of this date.

We spent the greater part of the time discussing the position in which Ontario now finds itself in the fiscal negotiations and, with Ian's encouragement, are now going to try and see if we can come up with any bright ideas for the further position of this province.

The issue is now emerging along rather familiar lines of federal-provincial relations, in which Ontario finds itself in a particularly awkward position. I do not think I need to explore it any further than that. It is rather a large subject and Ian would be better able to discuss it than I am, if you wish further discussion.

THE CHAIRMAN: Well, we thought, just to put a footnote to that, Harvey, that our staff now and in the next couple of weeks are going to be looking at a number of basic propositions, such as the exact fiscal need that we see for ourselves over the next five years; the question of priorities that could be established, if possible, and the matter of paring over all government expenditures to provide



a system that is not going to produce uncontrollable deficits or uncontrollable taxation at each level of government, and based on the most productive contributions to the economy through government planning.

For example, Education, Research: what are the various bargaining alternatives available to us if we were proceeding under a five-year agreement now or just the one-year agreement with ultimate arrangements to be made later?

All of this work we will be doing in the normal sense of preparing, helping the government to prepare for the next meeting.

I suggested that when we have this work along in the next couple of weeks, I would like to call in the economic and fiscal sub-committee to go over it with us and give us the benefit of their advice and experience in seeing how these arguments present themselves.

That is the more immediate thing. As far as some of the longer term subjects are concerned, we are still extremely interested in the water resources study.

MR. PERRY: Yes.

THE CHAIRMAN: We are presently arranging some staff work here to provide background for that.

The question of science and technology is a matter of national importance, and the implications



for Federal-Provincial relations. Dean Dillon has undertaken to prepare a very short memorandum for us to delineate the problem and to indicate some policy alternatives that might be explored.

I think in all of these topics our task is not so much to do initial or fundamental research. There is lots of information and lots of thought available. We are going to try and make arrangements now, as we hoped to do in the summer, but our staff was simply too committed between holidays and preparing for this principle paper for last week -- it is a matter of trying to gather a lot of this material together and seeing what policy alternatives might present themselves from that material, and which of those might commend themselves as matters to be recommended to the Prime Minister of the province. That is the state of affairs there.

Are there any other matters of business?

As far as our next meeting is concerned, I do think it would be useful - I know we have been over this many times and I know the feelings of the Committee as to meeting with the Prime Minister unless we have a highly specific frame of reference. I think, however, he would appreciate an informal meeting with the Committee as a basis of general advice and general exchange of opinions as we are in the midst of this whole confrontation.





I think in particular he is trying to assess himself what the new government in Quebec means and what this means for him and for the province of Ontario and for Confederation.

I would certainly be inclined, if you are agreeable, to ask to arrange another dinner meeting at the end of our next meeting with him. I think that as time goes on and as he comes to know all of you better, that we can have a fairly easy and frank discussion.

Are there any contrary views to that proposal or other suggestions?

MR. PERRY: I only suggest that the lunch not be as copious as the dinner on that day. In fact today's arrangements seem fairly satisfactory.

THE CHAIRMAN: Do you find this kind of arrangement satisfactory?

PROF. MEISEL: Much.

THE CHAIRMAN: I think in a way one can chat around very easily. It keeps us confined to the one place pretty much, but I think we might follow that, have a little interval, and perhaps try to get started on dinner at a good hour so that we do not detain you.

PROF. McWHINNEY: You would suggest that for the next meeting in October?

DEAN LEDERMAN: That is October 21st.

MR. PERRY: What is the next scheduled



meeting of the Ministers?

THE CHAIRMAN: It was proposed by the Federal Government, and I think it would have been acceptable to most people, that the various Federal-Provincial meetings take place in that week of October 17th to 21st; but we had a little meeting of officials last night to go over the dates, and apparently Mr. Roblin emphatically could not come then. So the last word I had was that all of this was going to take place in the week of the 24th, which would be the last week of October, so that that would be very timely if our meeting would be Friday, and it would mean that has to be Friday, October 21st. If we were going for the following week to Ottawa, we would have been preparing the Prime Minister at our level and there would be lots in the air, so that it would be a very good opportunity for him to talk to you before going up to do battle.

MR. PERRY: Maybe in the area myself.

MR. STEVENSON: You could proof read the draft as it goes through.

THE CHAIRMAN: Yes. If there is no other business, I will declare the meeting adjourned.

-- The meeting adjourned at 4.50 p.m.









CA20N PM81

-65V26

ADVISORY COMMITTEE ON CONFEDERATION

---

M E E T I N G

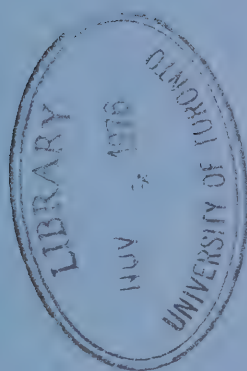
held at

940 Yonge Street, TORONTO,

on

FRIDAY, OCTOBER 21, 1966

---



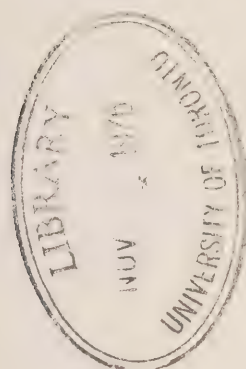
VERBATIM REPORT OF PROCEEDINGS

---



ADVISORY COMMITTEE ON CONFEDERATION

---



M E E T I N G

held at

940 Yonge Street, TORONTO,

on

FRIDAY, OCTOBER 21, 1966

---

VERBATIM REPORT OF PROCEEDINGS

---



Mr. I. Macdonald (Chairman)

Prof. D. Creighton  
Dean R. Dillon

Prof. P.W. Fox

Mr. C.R. Magone

Prof. E. McWhinney

Prof. T. Symons

Mr. D. Stevenson) ) Co-Secretaries  
Mr. R. Farrell )





2

THE CHAIRMAN: If we may begin, gentlemen, and report briefly on absent members, Father Matte, it appeared, had another turn and is not at all well. He is, I understand, in a cardiovascular unit in Montreal, and is certainly going to be out of commission for some uncertain period. I do not know if others have heard of his welfare recently. I had heard, and perhaps you told me, Tom, that he had resigned from his post.

MR. SEGUIN: Yes, he has been replaced.

THE CHAIRMAN: Do you know, Roget, what this purports?

MR. SEGUIN: It is true, yes, he has had another relapse. I heard that this week in fact. He is not well at all.

THE CHAIRMAN: Professor Conway has also been indisposed and is still out of commission it appears, but I think he will be rejoining us at a fairly early date.

Mr. Gathercole is detained today, and I think you told me, Paul, that John Meisel would not be with us.

PROF. FOX: He is at a seminar.

THE CHAIRMAN: Otherwise I think we are all present.

PROF. FOX: Mr. Chairman, may I just interrupt to suggest that the Committee, through



you, might express its regrets to Father Matte.

I think we ought to make some expression of sympathy to him, and I think it would be appropriate through you.

DR. FORSEY: I would like to second that.

PROF. FOX: I would like to move we send him our very best wishes for a rapid recovery.

THE CHAIRMAN: I will certainly do that.

You recall at our last meeting we had some discussion about the prospect of arranging a meeting with some of our counterparts from the Province of Quebec, to consider matters of common interest.

Needless to say, in the last few weeks I have had rather extensive conversations with counterparts both from the Government of Quebec and the Government of Canada and today we are going to have an opportunity to look a good deal further into some of the current developments, upon which we would very much like your advice.

In the course of discussion with Mr. Morin from the Government of Quebec, he suggested not only that he and they would welcome some such meeting, but he thought that the sooner we had such a meeting the better.

Following our last meeting when it was proposed that this might be something that the Committee did not wish to initiate itself but rather



might wish to suggest to some person such as Professor Burns, at Queen's University, Professor Meisel and Dean Lederman, I understand, had some brief conversations with Mr. Burns, who subsequently wrote to me and said that as Director of the Institute of Inter-Governmental Relations and on behalf of Queen's University, he would be more than happy to make any such arrangements suitable to us.

Subsequently I discussed this with one or two members of the Committee, and have written back to him again to make certain suggestions about a meeting; the idea being that this might be held on a weekend later this year or early in the New Year; that the initiative would come from Mr. Burns; that he would invite people such as members of this Committee, the prominent people in Quebec, senior civil servants from Quebec and from Ontario; that this should be a small meeting, perhaps not to exceed thirty at the most; and although we would have a specific agenda, we would try to have a fairly informal, open and free, frank discussions.

Mr. Beer of our staff will be going out next week one day to have a chat with Ron Burns and discuss some of the technical arrangements that this would require.

We talked about this in a general spirit at our last meeting. It occurs to me that before I get too far up to my ears in this, it would be useful to





have some kind of indication from you, some kind of straw vote, as it were, as to how many members of this Committee would respond to such an invitation, were it issued by Mr. Burns, to participate in such a colloquium, on the assumption that the date is one that can be arranged conveniently.

As I say, this is not a thing that this Committee as such is going to sponsor, and I do not think we necessarily want to or should; it is a thing which Burns is prepared to sponsor, inviting people as individuals, as it were, rather than as a committee or as a group; because in fact there is no parallel body of a similar kind in Quebec, the structure being different.

May I just get some indication of how many would be receptive to that?

DR. FORSEY: First of all, how is he going to select his people from Quebec? You say there is no parallel group. What is he going to do? Is he going to ask civil servants, members of the Legislative Committee or what?

THE CHAIRMAN: To include civil servants and other, I suppose, people who would play the same prominent part in public affairs in Quebec as you do in Ontario. Are you thinking of betes noires?

DR. FORSEY: No, I just remain rather dubious that we shall hear anything very new, but possibly if we get a chance to cross-examine each



other, we might find out something. I don't know. I would think that the civil servants from Quebec now would be playing their cards very close to their chests, as I said last time, and that therefore we should probably not get anything very specific out of them, nothing very new; but if anybody wants to spend a weekend in Kingston, God bless them.

PROF. McWHINNEY: Is it a closed meeting?

THE CHAIRMAN: Oh, yes. I don't know how far the Quebec Civil Servants would play their cards in a meeting of that kind, but when Mr. Morin was in my office last Friday certainly the whole deck was laid on the table.

PROF. SYMONS: Mr. Chairman, do you have any thoughts as to when this might be?

THE CHAIRMAN: If there is interest in this, it should, in our judgment, be as soon as can conveniently be arranged. The dates which Burns and I talked about in a general way were the second and third weekends in December, speaking in terms of Saturdays, the 10th or 17th; in which case I think we might want to reconsider whether we wanted a December meeting, depending on the time. Or it might be the first weekend in January, January 7th or whatever.

PROF. CREIGHTON: Mr. Chairman, I was not present at the last meeting, but as I read the minutes of the last meeting I must confess that I



could not discern any very great enthusiasm for this idea among the people who spoke on that occasion.

It seems to me that we have a lot of work to do ourselves and that, if the minutes of the last meeting are any indication of it, we did not get ahead with it very rapidly.

I am conscious also of the fact that I, myself, am behind-hand with work I have agreed to do.

I think it would be a great misfortune if we gave up our December meeting and substituted this for it. What we need to do is to get ahead with our business for Ontario, it seems to me. We have got lots of work to do; in fact we are behind-hand with it. I cannot afford to spend another weekend talking generally about this matter myself, I must say. I shall not be able to go if it were additional, and I should dislike the idea of substituting this for our regular meeting.

DR. FORSEY: I entirely agree about the substitution of this for our regular meeting. I think this would be quite inadmissible, for exactly the reasons that Professor Creighton has stated.

I am prepared to go. Certainly I would like to see what these people have to say. I mean, if it is going to be held, I think it may be a work of supererogation, but I am prepared to go, and





I shall have a dickens of a lot of questions to ask. Whether I will get any answers is quite another thing. I do not think myself I am likely to.

PROF. SYMONS: I think I agree with Professors Creighton and Forsey that it would be an unfortunate thing to substitute something like this for the December meeting, because we have so much work, but I do think the idea of a meeting on an individual basis such as you have described is a very good one, and I would certainly make every effort to attend. However, I do feel we should have our regular meeting too in view of the amount of work before us.

THE CHAIRMAN: Are there other comments?

DEAN DILLON: I would be interested, Mr. Chairman, in having your views on this matter.

THE CHAIRMAN: I do not know how far it is fair to recount all that was said by Mr. Morin to me. A number of the things he said were not just to do with the substance of our business; they were to do with his assessment of where his own Government was headed. So he was speaking with an extraordinary degree of candour for a civil servant speaking to a member of another government, I thought.

I think one can best sum it up this way, by saying that he was aware that he was dealing with a new government which has come into office at



a time when there are certain critical decisions to be made, and that that government has not had a long period of experience upon which to base its judgments; that the civil servants in particular and others who are prominent in the life of the Province of Quebec, are in the process of advising that government, and they are not convinced that the composition of that advice makes the full provision that it should for the attitudes of responsible people in the province of Ontario and in English-speaking Canada.

This perhaps is not true in the government that preceded, which was a government which had been in office, in the first place, for a longer period of time, which was rather more outgoing, rather more cosmopolitan, which had people who were somewhat more aware and familiar with the Anglo-Saxon attitudes.

This government is one which is composed in large part of people many of whom have never been out of the Province of Quebec in effect. Mr. Johnson has six avowed Separatists in his Cabinet, which is a considerable political calculation to deal with.

In sum, I think, the expression was made that in some way this could be an important contribution to discussions at this time, not in terms of what we might hear from them, but what they might hear from us.



DEAN LEDERMAN: Mr. Chairman, I think I agree with Tom Symons that I do not think we should give up our own meetings, but I would like to see this meeting tried; and the invitation from Queen's University and the desire of Queen's University to provide what you might call neutral ground for this, is very real, very cordial, and I assure everyone here that we would be delighted to do what we can in this regard.

I would like to see our own meetings go forward. I am behind-hand with work I promised myself to get in, but this will come, I think.

I do not think, however, we should expect too much, as you say, from such a meeting, from our own point of view; but if this is a chance to convey to a significant group of people from Quebec the atmosphere of our own meetings and the climate of our own thinking, this may be a very valuable thing to do.

THE CHAIRMAN: Perhaps we can separate the points because there has been enough said and nothing said on the other side, to suggest that you want to carry on with our own meetings. Perhaps we can clear that away for the moment. If it is assumed that we continue with our own time-tabling for November and December, then there is the matter simply of this meeting on its own merit.

PROF. BRADY: I believe, Mr. Chairman, we





should have our own meeting.

THE CHAIRMAN: Could I rephrase the question? Would there be enough of the group here responsive to such an invitation, to make the exercise worth contemplating?

PROF. McWHINNEY: Did Mr. Morin indicate he himself would accept an invitation?

THE CHAIRMAN: Oh, absolutely, and he guaranteed ---

PROF. McWHINNEY: With his equivalent colleagues?

THE CHAIRMAN: He guaranteed, as well as any man can speak for another in such a case, that he would produce their key core of civil servants.

PROF. McWHINNEY: If these people will come, the key men in Justice, key men in ---

THE CHAIRMAN: Education.

PROF. McWHINNEY: Education, Finance, and Morin himself, that would be a rare opportunity. They observe civil service rules very strictly, and they never get interviewed in public in Quebec, and they are very hard to get together for anything like this.

I think it would be intellectually very valuable to meet them, and that is the key, really. If they do come, I guess apart from Mr. Morin one would not really know for another few weeks until the invitations have gone out from Queen's.



THE CHAIRMAN: Again, I do not want to put myself out on a limb that may get chopped off, but I am certainly confident that if it was put in a certain light, that they would muster.

PROF. McWHINNEY: Then it is worth while. I share Eugene's disinclination to give up a weekend for this delightful young man whom we both know and both love. We have heard him before, and it is like a gramophone record. There are rather more valuable things to do, but I think a meeting of this fonctionnaire type would be of extreme help to us and to them.

THE CHAIRMAN: Frankly, Ted, I don't know who else.

DR. FORSEY: This is Claude we are talking about?

PROF. McWHINNEY: Yes, but the bete noire is the other one.

DR. FORSEY: Perhaps he would be there.

PROF. McWHINNEY: He is not advised.

DR. FORSEY: Let him come.

THE CHAIRMAN: I don't know who else should be invited. I think the important people really (I think you will agree, Don) are the civil servants.

MR. STEVENSON: As a civil servant, surely I agree.

THE CHAIRMAN: For this purpose.

DR. FORSEY: What you say puts a little new



face on it for me. If they are interested in hearing what we say, that's fine, because it is possible that they are not aware of some things that we could tell them. If it were merely a case of our going there to sit and listen and listen, I fear, to much that we have heard before, I should be less inclined to do it; but if it is going to be a real exchange, then that's fine.

THE CHAIRMAN: I will give you an example. I said to Claude Morin when we were talking about education in Ontario, that I suspected he probably did not know one-tenth of what was going on, and if he did not probably no one else in Quebec did. Our people subsequently produced some documentation which indeed astounded him.

That was a factual matter. If one gets down to attitudes I am sure there is even greater ground for exposition.

PROF. FOX: Mr. Chairman, is it my understanding that we are going to be able to suggest to Mr. Burns who will be invited from Quebec?

THE CHAIRMAN: Yes.

PROF. FOX: Therefore in a sense we may choose whom we may want to talk to during the weekend. It seems to me a very good opportunity that should not be passed up, to talk to these people. If they can come and get together, why, select those that you know will be productive and not bring people ---













I am proposing that we give some of our time at the November meeting to the discussion of that paper.

Also, the Prime Minister again and repeatedly has expressed to me in his own judgment the importance of being prepared to discuss the constitutional questions in very short order; and he would like, either in November or December or whenever we are ready, to have a good session. He said he would like to have the whole day with the Committee. He may be optimistic in terms of his timetable, I don't know. That is up to him. Certainly he would like to get into this pretty quickly with the Committee.

Perhaps I should withdraw from the agenda enough at this point, Bill, to find out just where we stand on the constitutional material.

DEAN LEDERMAN: Mr. Chairman, I have not been in touch with the members of the committee since we last met. Dr. Forsey has his study ready.

DR. FORSEY: ~~Bar~~ring the footnotes which will arrive shortly; a matter of a couple of days to check one or two things.

DEAN LEDERMAN: The other papers listed, I have no report on at the moment, except that I am still working on my own on the amendment and I think I can produce that for circulation before the November meeting. I do not have it ready now. I am not just sure at this moment how the other studies stand.





THE CHAIRMAN: The others being Watts ---

DEAN LEDERMAN: Well, the Watts paper is not ready yet but I think there is a good chance it could be ready for November.

PROF. CREIGHTON: To a large extent my contribution depends upon the completion of the Watts study.

DEAN LEDERMAN: Yes.

PROF. BRADY: Mr. Chairman, we could have a discussion, if the Prime Minister wishes a discussion of the constitutional question, without having all these papers completed. In other words, if he wishes to discuss the constitutional problem in November or in the December meeting, I should think there would be no impediment to that.

It would be advantageous, of course, that we know beforehand what aspects of the constitution he was interested in discussing. We should have some forewarning in order to prepare something specific, but I do not think the actual papers that we have planned to prepare need to be finished to have a discussion on the constitution.

DEAN LEDERMAN: I would agree that point is well taken, Mr. Chairman.

THE CHAIRMAN: If we had from him and ourselves a fairly explicit set of questions that are pertinent I think we could handle this very well.

DR. FORSEY: As I recall it, he wanted some



time ago something on the associate states.

THE CHAIRMAN: This is still of the essence, yes.

DR. FORSEY: I am prepared to do a more elaborate analysis of this St. Jean Baptiste Society scheme for associate states, if anybody wants it, if they think it would be any use. I do not want to pre-empt it if somebody else would like to do it, but I have a certain amount on it, and in a matter of a few hours I could produce something more precise and detailed.

THE CHAIRMAN: If you could give a sort of capsule position paper ---

DR. FORSEY: It wouldn't take very long.

PROF. McWHINNEY: You would have to go beyond St. Jean Baptiste Society and get into the Labour Congress, for example, of last weekend and their discussions; in other words, the last two weeks.

DR. FORSEY: But they virtually said the associate states of course, won't run.

PROF. McWHINNEY: As I understand their views and others that were made in the last few weeks the former Education Minister, Paul Gerin-Lajoie made a very massive speech and proposal for a provincial constitution for Quebec.

DR. FORSEY: Yes, I saw that.

PROF. McWHINNEY: I think you would have to go beyond the St. Jean Baptiste in other words.



DR. FORSEY: I thought what was wanted, if anything here, was an analysis of the kind of thing that would be involved in associate states; not an attempt to say how widespread this particular view was. That would be a vast undertaking which I certainly would not want to go in for at this stage. I thought it was merely a question of saying what exactly does this mean.

THE CHAIRMAN: What is the problem?

PROF. McWHINNEY: You could concretely, I am sure, of your own knowledge; would not be a very major work; but concretely one or two people have recently said what it would not involve.

DR. FORSEY: Does Gerin-Lajoie discuss associate states? I saw a short account. He was talking about a president and that sort of thing.

PROF. McWHINNEY: He listed policy alternatives, and it seemed to me he got into the associate state area.

DR. FORSEY: I did not see anything but a very short report.

PROF. McWHINNEY: I suspect it has been picked up by our Xeroxing service, because there was a full text of his address in Le Devoir.

DR. FORSEY: I missed that.

PROF. McWHINNEY: It was also in the Gazette and the Montreal Star in summary, but it was pretty detailed.

PROF. CREIGHTON: Is there anything else





to the Gerin-Lajoie paper that you mentioned? We have a paper on that, haven't we?

PROF. McWHINNEY: I haven't seen it. Maybe it is in my office.

PROF. CREIGHTON: We have a brief digest.

PROF. McWHINNEY: They had a weekend conference.

PROF. CREIGHTON: I think we have a paper about that.

DR. FORSEY: Do you mean a triple brief or do you mean something else?

PROF. McWHINNEY: There was a meeting about ten days ago Marchand spoke at.

DR. FORSEY: C.N.T.U., yes.

PROF. McWHINNEY: There was considerable discussion on the constitution there.

DR. FORSEY: I haven't been able to keep track of these things. All I was offering to do, if the Prime Minister were in a hurry for it, was a brief analysis of the kind of proposals, and as far as I know the St. Jean Baptiste Society proposals were the most concrete that had been made -- an analysis of the kind of proposal they had made and saying exactly what does it involve, what question does it raise.

Because it seems to me if the Prime Minister gets into a conference he may be very well presented with a proposal in somewhat vague terms;



and I think perhaps what is most needed (and this is what I addressed myself to in this paper for the constitutional committee) what is most needed is an examination of the implications.

THE CHAIRMAN: This is it.

DR. FORSEY: Of what he is faced with. Now, some of these things he may never be faced with, they may never be brought up, but I thought what he wanted to have was something which would enable him to ask the right questions and raise the right points, if this, that and the other came up.

THE CHAIRMAN: This is exactly the point, Eugene, if you could do that I think it would speed it along. I think these two questions, the Capital District and the constitutional question are top of the deck now, and this would certainly do well for a November meeting. Then I think presumably by the December meeting our material should be well in hand through the constitutional committee for other purposes, and I know the cultural committee has work in hand.

PROF. BRADY: Mr. Chairman, could the secretariat get the Gerin-Lajoie speech?

THE CHAIRMAN: I am sure we can.

PROF. McWHINNEY: There has been a reasonably good summary of the States General, which surprisingly has turned out much more modest than one would have expected from the personnel backing



it and a little more concrete than one would have expected from the same people. So I think if you added that you would probably get the range.

MR. STEVENSON: Mr. Chairman, I think in addition to the fact that Charles already has material <sup>can</sup> on the Gerin-Lajoie speech and/get material on the C.N.T.U. meeting; we do have a newcomer arriving in the secretariat on Monday, an M.A. in political science, whom tentatively we have assigned to the constitutional area. I hope he will be able to continue on with some of the back-up in association with Charles, that Ron DeLisle had done earlier. So that we will have more secretariat assistance in this area in the future.

DR. FORSEY: Do you want me to do a scratch job on this? As I say, if somebody else wanted to do it, such as Ted who is right in the centre of things, heaven forbid that I should trespass on his territory.

PROF. McWHINNEY: Not my territory.

DR. FORSEY: As I say, if the Prime Minister were in a hurry, I could do something fairly quickly which would be something to bite into. Then the Committee can take a look at it and say "This is not it at all".

PROF. McWHINNEY: And the secretariat perhaps then could say, following up Dr. Forsey's paper, concretely X and Y organization has suggested





such and such is what they mean by associate state.

THE CHAIRMAN: Very good, this is fine.

DR. FORSEY: I will undertake to do that promptly, unless I have an attack like poor Father Matte.

PROF. McWHINNEY: Unless there is a prior commitment on Republicanism that takes priority.

DR. FORSEY: This takes priority.

THE CHAIRMAN: I put the item on the agenda only to make provision for any questions or comments that might be in order in terms of our continuing work. I don't know if there are any matters, Professor Brady, that you wanted to report upon before we get to the main business at hand.

PROF. BRADY: I do not think there are many matters, Mr. Chairman. The cultural affairs committee met since the last meeting of the Advisory Committee and had a discussion. It was still mainly about the position of French schools or bilingual schools in Ontario.

However, I think there was one matter reported before us that perhaps the Advisory Committee would be interested in, and that is the likelihood that there would be an appointment made of a director to supervise the cultural exchanges. Tom Symons, a member of our Committee, knows about that. I don't know whether he would be interested in saying anything at this juncture.



PROF. SYMONS: Yes, Mr. Chairman.

I think there is the possibility of an appointment of a very capable person for this position, at least to get the programme started. This would be Professor Rathé of Victoria College, an Ontario citizen, who has done a good deal of work in areas that combine his interest in Protestant Quebec and in Canadian matters with his proficiency in the French tongue. I believe that he is interested, and he has many qualifications that are appropriate for this position.

One point is, however, that he would probably take it on for a limited period of time, simply to help get the programme under way; and that one of the things that he would be doing during the time in which he was acting as Director would be carrying out a more searching quest for a full time continuing director.

PROF. BRADY: He would presumably only accept an appointment for at least a year?

PROF. SYMONS: Yes, indeed, for a year and a half.

THE CHAIRMAN: The Minister of Education is delighted at the prospect of an appointment and of getting on with the job. He is feeling a little uncomfortable because we are half way through the fiscal year and his programme has not spent any money in being launched.



PROF. CREIGHTON: Mr. Chairman, could I ask through you whether the cultural committee has sponsored any studies on French Canadian communities in Ontario?

Some time ago (it was late winter or early last spring, I forget when) I was speaking to Professor Clark, Sociological Department, University of Toronto, and he told me some of the work which had been done by various students of his under his supervision for the Bilingual and Bicultural Commission on two representative French Canadian communities in Ontario in the north - for example, Kapuskasing, I think, in particular, and in one or two communities in or about the City of Toronto.

At that time I suggested to our Chairman that it might be possible for us to have the opportunity of seeing some of these, but investigation revealed the fact that the B and B Commission was determined to keep a monopoly on its own studies, which is not very surprising, and they were not to be had.

It seems to me that we ought to be getting more material, more detailed studies sociological and otherwise, on these communities before we can come to any generalization about their educational needs.

I am wondering what has been done about this matter. I did, I think, speak about this a





matter of six months ago now, and I wonder whether any progress has been made along these lines.

MR. STEVENSON: Mr. Chairman, not to say anything about the cultural sub-committee at this point, but when Charles Beer was hired in the department, having very much in mind Professor Creighton's earlier comments on this, we gave him as a base research area, the investigation of the characteristics, growth and problems of the Franco-Ontarian communities.

He has done some of this now, having visited the Association in Toronto, making contact with CJBC, the Department of Education here.

We now have a list of various associations and we hope certainly that his work, both associated with the Committee and otherwise, will shed more light in that connection.

PROF. CREIGHTON: I think what you have got to do is get down into real field studies of these communities. I think this is going to take time.

PROF. BRADY: Mr. Chairman, we were well aware that the B and B Commission was sponsoring various studies. We felt we did not have the funds to undertake the amount of studies that they were doing and sponsoring, but we were familiar with those studies. I might say confidentially that I have seen Professor Clark's study, I have read it.



Mr. Meisel has read a number of other studies, and the members of the cultural affairs committee are not unfamiliar with the kind of work that is being done.

PROF. CREIGHTON: Yes, but that is not the rest of the committee, you see; that is the point. I mean, I have also read Professor Clark's study under a pledge of secrecy, but the other members of this Advisory Committee are not familiar with the studies and cannot be in the nature of the case, but they have equal responsibility in the matter.

PROF. BRADY: It would be very advantageous if we could get these studies, but you are suggesting that we sponsor a whole series of sociological studies of the Franco-Ontarians. I think it would be admirable to have them, in addition perhaps to those sponsored by the B and B Commission.

PROF. CREIGHTON: Not in addition, because we haven't got those studies yet.

PROF. BRADY: But we will have them presumably within a year. I think you are asking something that we simply cannot undertake. I would like to ask the Chairman, have you got the funds, for example, to engage - I know the kind of money that was spent on some of these B and B studies.

PROF. CREIGHTON: I am aware of that too.

PROF. BRADY: We do not have anything like that to spend on the studies that we are planning and



sponsoring.

Frankly I do not think it is necessary always to do it, to duplicate work that has been done by others. I have spoken to a number of people who have been carrying out some of these studies, apart from Professor Clark; what they are doing is interesting enough, but I do not think there is anything very revolutionary about their discoveries.

I think most of us are fairly familiar with the general facts and, as Mr. Stevenson said, the department here is trying to accumulate more data on the Franco-Ontarians. That is an admirable thing and what data they gather will of course be useful to us on the cultural affairs committee.

DR. FORSEY: Who did, or are we at liberty to know, besides Professor Clark, who did the studies for the B and B people?

PROF. CREIGHTON: I only know his particular one. Several of his students co-operated in an investigation of several representative French Canadian communities in Ontario.

THE CHAIRMAN: Well, I suppose the first question is: when is this mounting material that is under the auspices of the B and B Commission likely to become available, because we can probably solve a lot about this problem by having access to it.





PROF. BRADY: We cannot get an answer to that. Perhaps, Mr. Chairman, you could, at your official level, perhaps, as it were, make direct enquiry. You might get a more satisfactory answer than any of us have hitherto been able to get. I think it would be worth trying to find out when this material would be available and whether we could have access, for example, to these and many other studies. After all, apart altogether from the studies of the Franco-Ontarians, the B and B Commission has been sponsoring a host of other studies.

PROF. CREIGHTON: Has indeed.

PROF. BRADY: On all aspects of our Canadian society, and they are not accessible. Some of them would be very useful no doubt to us in our deliberations in this Committee.

THE CHAIRMAN: Well, I have done one or two things for them on a confidential basis, and I think I might suggest that they respond in kind.

DR. FORSEY: It is possible, of course, they won't let anything loose until everything has been put into both languages. This may take some considerable time.

The reason I asked about who had been doing these studies was that I wondered if, for example, Hubert Guindon had been one of the people who had done anything for them.



To the best of my belief, he is exceedingly competent in this position, and he is a Franco-Ontarian. If he had done something, I would have a great deal of confidence in it. On the other hand, judging by this article in Cite Libre in December last, I think it was criticizing the whole basis of the research procedure of the B and B Commission. I am entirely unimpressed by the mere statement that the B and B Commission has been at something. Some of the kinds of things they have done that we have heard about have not been very inspiring, shall we say, or likely to encourage strong faith in their results. That criticism in Cite Libre was one of the most devastating things I have seen. If one-quarter of it were true, then it means that much of what comes from the B and B Commission will be very suspect indeed.

THE CHAIRMAN: Have you any information on that, Roget, who has been working in this field?

MR. SEGUIN: I know some of the names, but I know we tried also to get some of the reports and they said they would not be available until the last report was published. Even then they are not sure of releasing individual reports.

PROF. McWHINNEY: It is all going to be published in a block, is that it?

MR. MAGONE: I keep wondering during this discussion about what information the Department of



Education itself must have. Surely we cannot assume that they are making decisions about these things without having made some study of them. Maybe I could suggest to the Chairman of the cultural committee that he might get in touch with them and they might be willing to spend money.

PROF. BRADY: Mr. Chairman, some members of the cultural affairs committee, in fact all of them, have been talking with those who are directly in contact with Franco-Ontarians. Professor Fox and myself and Mr. Beer have been seeing some in the Department of Education and those men who are concerned with administering the bilingual system are of course familiar with the communities where the schools function. They know these communities at first hand and, I think, from other sources of information, that they will give an adequate view of the sociological aspects, if you like, of the Franco-Ontarians.

I suspect that we may derive more from talking to these men than we could from any sociologist's study, with all due respect to the sociological fraternity.

DR. FORSEY: I think Mr. Seguin started to say something.

THE CHAIRMAN: Yes.

MR. SEGUIN: I know the Department of Education has had - in the association of which I am





the president, we have all the statistics of what the French Canadian community is in Ontario, I can tell you that.

In fact there has been quite a few developments in the last two weeks concerning these matters. There has been a meeting of Bishops and everything and in my Association we are sponsoring a request now to the Government of Ontario for non-confessional secondary schools. We have had approval of the Bishops on Thursday of last week and we are proceeding with that.

THE CHAIRMAN: That is quite an event.

MR. SEGUIN: We are also mostly going to participate in the States General with 150 delegates from the Province of Ontario, provided we see their agenda in advance so that we do not get caught into a separatist meeting.

As you may know, the cost of the States General is sponsored by the Government of the Province of Quebec.

PROF. McWHINNEY: Really?

MR. SEGUIN: Yes.

PROF. McWHINNEY: Under that item of the budget?

MR. SEGUIN: Cultural, it comes from the Department of Cultural Affairs.

The Ontario delegation has not as yet been approved by the Government, because they thought we



were so near Montreal we could travel easily enough at our own expense, but for the western provinces and the Maritimes the budget has been approved and they will be receiving something.

We found that Jacques Yvan Morin and his colleagues in Ottawa - in fact for six hours we have discussed matters. Jacques Yvan Morin is not as bad as he is made out to be - unless he has been reformed lately. Some of his colleagues are worse, I must say.

THE CHAIRMAN: What is his position in it?

MR. SEGUIN: He is the President.

PROF. McWHINNEY: In the sense of presiding officer, I take it?

MR. SEGUIN: Yes.

PROF. McWHINNEY: In fact he is not the policy-maker.

MR. SEGUIN: Of this States General?

PROF. McWHINNEY: Yes.

MR. SEGUIN: Yes, he is Chairman of the committee and Chairman of the whole thing until he is replaced.

PROF. McWHINNEY: He has more or less given you to understand he was the "Speaker of the House".

MR. SEGUIN: Well, yes, he is "Speaker of the House" but he is President of the present organization.



PROF. McWHINNEY: He is the executive decision-maker?

MR. SEGUIN: Well, not necessarily. There are sixteen of them. The big problem was would they, first of all, accept the minorities into the meeting. The majority were against accepting us at the beginning but it was finally agreed with two abstentions only and nobody against.

Then the second thing was: would we be given a vote? We forced the issue when we said we would not attend any such meeting unless we had voting rights on all questions, the same as the people of the Province of Quebec.

Of course, we have 310 delegates in the whole of Canada compared to 1,300 from the Province of Quebec. There are 1,600 delegates. We still have a good show.

We intend to make our positions clear at the beginning. Their paper on the associate states would be useful to us also, if you have prepared by that time ---

DR. FORSEY: What dates is this?

MR. SEGUIN: 26th, 27th and 28th of November in Montreal.

As I mentioned before, we will only decide finally next week if we are going or not. We are supposed to be receiving the agenda and the different studies on what is to be taken up at this meeting.





If it is merely a Separatist movement, we are not attending.

PROF. McWHINNEY: Not even as observers?

MR. SEGUIN: Not even as observers, and that applies to all minorities in Canada. I am the head of the Ontario delegation, and thereby the head almost of the others, because we have the largest delegation. Ontario has 150 delegates.

PROF. McWHINNEY: How would you decide that issue. It would have to be a sort of qualitative judgment that on balance it looks to be Separatist, would it not?

MR. SEGUIN: Well, we will have to take our chances most probably, but it has been decided also that if we do go there and we have no say and it turns into a Separatist movement, we are just going to leave the hall and come back home.

PROF. McWHINNEY: Theoretically, it could consider anything, like the private members bill in Parliament. You may have not only Separatist motions but motions perhaps to centralize more in Ottawa. Theoretically anything could come up.

MR. SEGUIN: Yes, but on the other hand we are of the opinion we should go in order to counteract the Separatist movement, to let them know what we think about it.

PROF. McWHINNEY: You see, Morin in his public statement actually said that Separatism is only



one of the options being considered and the final position, as I gathered, of the States General has been having no principal idea of the solution. So you would rather have to make a qualitative judgment that on the balance it has such and such a flavour, on balance it has another flavour, and make your position accordingly.

DR. FORSEY: I had a most interesting conversation about some of these things with a very distinguished member of the Faculty of Laval. I do not think I should name him without his permission, but he has great standing there.

His comment on Jacques-Yvan Morin was that he is "completement détraqué". He also said that he thought that Morin, who was not a Separatist, was finding his committee was rather getting away from him; that it was composed largely of Separatists, and it was rather getting away from him; and poor Morin found himself in the position of being looked upon as rather an old fogey and stuffy and reactionary and just not good enough for this great movement.

PROF. McWHINNEY: That is what happened to Pierre Trudeau. The poor man said at Charlottetown: "I am out of date".

THE CHAIRMAN: Terrible when you get on the shelf at 36.

DR. FORSEY: Lots of shelf room apparently.

THE CHAIRMAN: Roget, is this of any



relationship to Government, or official or unofficial, apart from putting up a grant for financing it?

MR. SEGUIN: It is official. It has got the blessing of the Government.

PROF. McWHINNEY: And the Leader of the Opposition?

MR. SEGUIN: Yes.

PROF. McWHINNEY: Has it got consultative status with the U.N.? That is the official way to get unofficial recognition now.

MR. SEGUIN: It is confidential until it comes out. Also, the secondary school question I would like to keep confidential because we have to get prepared before we bring it out.

PROF. McWHINNEY: One point, as you mentioned, must be a matter of public record after being subsidized by the Quebec Government.

MR. SEGUIN: Yes, it is public record in Quebec. It will be in the budget; it will be shown as an expense.

PROF. McWHINNEY: Has it been shown yet as an expense?

MR. SEGUIN: Not yet, because the money has not been disbursed, nor has any group received the money.

THE CHAIRMAN: It is in the estimates?

MR. SEGUIN: No, it is not in the estimates, that is the point. They have aiding it from something





else, but within the cultural department.

DR. FORSEY: "Contingencies".

PROF. McWHINNEY: Something must have been paid for the meetings held already.

MR. SEGUIN: No, these meetings have been subsidized by the Conseil de Vie Francaise and the collections they make annually.

PROF. McWHINNEY: Private associations?

MR. SEGUIN: No, just the Conseil.

PROF. McWHINNEY: It is private, though?

MR. SEGUIN: It is private and it is not private; it is an association of the whole of Canada.

DR. FORSEY: But not government.

MR. SEGUIN: No, it is not government. I mean, there are representatives from every province on that.

DEAN LEDERMAN: May I ask, is the Government of Quebec, Mr. Johnson's government, committed to the results of this conference in any way?

MR. SEGUIN: No, according to the information we have had (and I have asked that question) it is not committed to it. I think it is just to feel the pulse of the province and the minorities more than anything else, to see where he is going to go.

DEAN LEDERMAN: It is in effect a



conference with some government financial support but without being committed to recommendations or motions?

MR. SEGUIN: No.

PROF. McWHINNEY: It is the publicity, Bill.

DEAN LEDERMAN: I realize this is important enough.

PROF. McWHINNEY: A Pierre Berton type of hour has been on both networks in Montreal, from 11.30 on. You get two hours of this. Part of the explanation is that Morin is terribly photogenic.

MR. SEGUIN: That is why a lot of people claim he is a crackpot. If he would have a shave he wouldn't be as bad.

THE CHAIRMAN: Is he bearded?

PROF. McWHINNEY: He is very unimpressive without his beard. He grew the beard when he went to Cuba, and when he came back everybody said: "You really look impressive". He had a very kindly professorial face before the beard. Now in the beard he looks like a revolutionary.

THE CHAIRMAN: Just to conclude this point, I wonder if it would begin to meet your suggestion, Professor Creighton, if I were to contact officially the B and B Commission and see what result we get?

PROF. CREIGHTON: Good.

THE CHAIRMAN: And have the cultural



committee take it on from there. If we could have coffee, then I would like to come to the heart of the agenda when we resume in a few moments.

--- A short recess.

THE CHAIRMAN: I do not want to revert to any details of an earlier theme, but I thought it might be useful in your planning if I made one suggestion.

I did discuss with several of you over the coffee break the timing of this meeting in Kingston, and I think the consensus of opinion was that it would give both a little more time to this committee to be properly prepared, and perhaps be a better time, if one were to aim at this first week in January; because the pre-Christmas period is rather hectic for events concluding and so on. I think there tends to be a slight lull after the New Year before things get geared up again.

PROF. CREIGHTON: What is the date of the first weekend, Mr. Chairman?

DR. FORSEY: It would be the 7th of January.

THE CHAIRMAN: Looking on here, Saturday is 7th January.

PROF. CREIGHTON: I would think it would be bad for Quebec, because the 6th is a holiday in Quebec.

DR. FORSEY: What we used to call "Old Christmas"?





PROF. CREIGHTON: Little Christmas.

PROF. McWHINNEY: Twelfth Night.

PROF. CREIGHTON: Twelfth Night, quite.

MR. SEGUIN: I think the 2nd might be better.

THE CHAIRMAN: I think I will hastily withdraw this topic then, because I do not want to get into a discussion of dates. Better leave that to the working group to plot out, but I thought it would be helpful to you in plotting out your time if we could look at that.

DR. FORSEY: I am inclined to agree that the pre-Christmas time is not too hot from any point of view, literally, metaphorically or what-not.

THE CHAIRMAN: We will leave that to those who are negotiating. I will leave it this way, that as soon as we have arrived at a satisfactory date, I will send you a circular.

We thought it would be very useful to the Prime Minister and the other Ministers if we could have a discussion on some items that are not theoretical but in fact are on the agenda at this moment.

Without building in any kind of journalistic drama or grandeur to the occasion, I think there is no question that next week is a very important occasion to all that we are doing as well as to the country; and that certain decisions could well



be taken there that will have an important imprint on the direction of Canadian federalism.

I think Mr. Robarts has pretty clear ideas now of the view that he and his Government take to these questions, but we will not be dotting the "i's" and crossing the "t's" of our various briefs and statements which will be put out next week, until the eve of the occasion.

This is the Ontario Advisory Committee on Confederation, and this is certainly a very useful occasion, I thought, to discuss very directly these issues, which we face next week, with you, to get some feeling of your advice that I could transmit in turn to the Prime Minister, and help us to understand some of the implications.

Just a word about the bargaining arrangements for next week. There are three consecutive meetings in fact. On the Monday afternoon there begin the meeting of Prime Ministers and Premiers of Canada, to do with the whole field of post-secondary education, in particular university financing and other matters of post-secondary education. That goes on throughout the Tuesday.

On Wednesday morning the Tax Structure Committee meets, and this will consider not only the work of the Tax Structure Committee during the past two years but also the types of financial arrangements that might be appropriate for education



as discussed earlier.

Then the Tax Structure Committee goes on till Thursday noon, and at Thursday noon the Tax Structure Committee will then break up and the plenary session of Prime Ministers and Premiers will resume.

The Tax Structure Committee being the Committee of that plenary federal-provincial conference, the Tax Structure Committee will report to the plenary session; and the plenary session will have to hammer out final decisions. The Tax Structure Committee as such cannot make decisions; it can merely report and make recommendations to the plenary conference.

So the final decisions, such as they are, would have to be taken on the Thursday afternoon or Friday by the plenary conference.

Needless to say we have been rather pre-occupied as well as we could with the intelligence at work between Ottawa, Quebec and the other provinces and ourselves during these last few weeks at the civil service level. This has involved many extensive and prolonged conversations, the gist of which, I think, is that there are two separate problems under discussion here that are perhaps in danger of being thrown together next week. In a way, of course, they are related, but there is a danger that decisions taken on the financial front might





predispose the direction of Canadian federalism.

If one might carve it up this way, there are certain decisions about where Canadian federalism is going. There are certain decisions about what federal-provincial financial arrangements are appropriate.

The decisions that are taken about the second category, the financial arrangements, could indeed, by their very implementation, push the federal system in a certain direction, whether this was necessarily the direction that one wanted to go, all things considered. So that it touches on the constitutional and the federal area.

This is the source, I think, of the kind of confusion that perhaps exists in the public mind, that Ontario seems to be straddling both sides of the fence. The Government here has said repeatedly that they support a strong federal system, a strong federal government; at the same time we have made very emphatic statements, as you know, particularly in the last month, that we want a larger share of the financial resources.

The point is, I think, that if one examines this, they are not really inconsistent. Our problem now has been to try and work out a statement for next week that will indicate that there are certain views held here about how the federation should function, and there are also certain



conclusions have emerged as the result of the work of the Tax Structure Committee. These must be looked upon separately and are not necessarily incompatible.

I want to speak fairly frankly about this, because I am very anxious to have your reaction. This is confidential in the sense that this is the type of position that the Prime Minister has to take next week, and it results out of our fairly prolonged process of examination.

The Federal Government, it appears, are exceedingly worried and exceedingly anxious about the apparent collision course that Ottawa and Quebec are set upon. In the judgment of many of their Ministers, including their French-speaking Ministers, the logical outcome of Mr. Johnson's policy is clear, but it must lead to associate state, and that associate state could be tantamount to separation; that, notably led by the Minister of Finance, there must be a firm decision taken now as to what the federal system is going to look like and what, in other words, are the conditions not upon which Quebec would continue to remain in Canada but upon which Canada would continue to tolerate the presence of Quebec.

The type of thinking that has emerged in Ottawa on that point of view is that there should be every facility and provision made for the recognition of two societies, as it were, in the sense of making



provision for the French language and culture. On the other hand, in the English-speaking terminology, we must make quite clear that there must not be two nations in the federal structure sense, but one; that there must be every provision made for the French language and culture, and there must be every assurance that the Federal Government will not interfere in areas of provincial jurisdiction - but equally, there must be no further suggestion of inroads on federal jurisdiction and authority. In other words, let us devise arrangements that will quite clearly conform to this constitutional separation of powers, but let us not change those powers.

I think the present thinking of our own Prime Minister is that this is a position that should be supported; and if one makes quite explicit that you are not going to monkey with the organic structure of the federal system and the constitutional system as it stands; if you are willing to provide in the English sense for two societies, but not to permit an embodiment of this associate state, then that is the best way for the moment.

We revert now to the business at hand, which is proper financial arrangements. Here I am very sensitive to what seems to me a terrible problem of getting across to the public of this country what the real situation is with respect to





financial matters.

Without divulging figures, the situation is simply that the Tax Structure Committee for the last two years has been engaged in one simple exercise, and that is to decide whether the present allocation of taxing powers is matching revenues to expenditures properly.

The result of the Tax Structure Committee's work shows that at the end of the next five year period, the respective deficits for the provincial and municipal governments combined, could be vastly in excess of the federal position. This means simply that the rate of increase of expenditures in the field in which the provinces have constitutional responsibility would move far in excess of the federal.

The pure arithmetic (with which there can be no issue) shows that it is necessary to arrange a transference of resources from the federal to the provincial and municipal levels.

This is represented, of course, as an erosion of federal power. I would submit that it is not an erosion of federal power if you have to subscribe to the point that we have made originally, that one is not going to tolerate changing federal powers and authority.

What you are talking about is re-distributing the financial resources so that the people who are



going to have to take count of their responsibilities have the capacity to do that. In other words it is a once-for-all re-division of the pie, and then the pie continues to grow as the G.N.P. continues to grow and so on.

We have tried to point out to our counterparts in Ottawa that if you make quite clear that you are not talking about associate state, you are not talking about changing federal powers or anything else, but you are trying to find an equitable re-distribution of finances, that is a very different matter.

The trouble is, you see, Mr. Johnson when he came up, said: "We want 100 per cent of the three direct tax fields" and was really saying in his terms: "We want to move towards associate state". So the reaction is that no one should get any money from the Federal Government because this is going to move in the direction of the associate state.

So I hope we will say fairly clearly that we are not trying to move in the direction of associate state, and we do not think anyone else should; but we do think there has got to be some account taken of what the work of technical people has demonstrated over the last two years, or there is really not much point in the exercise, and that there is absolutely no point having a federal system in which you are going to have certain governments within



that federation incapable of discharging their responsibilities as they are presently set out.

Frankly, there are arguments on both sides as to whether the actual figures and actual data of the Tax Structure Committee should be published. I can see the political problems of publishing what the present activities of government are leading to in terms of very large deficits; because this means either that the politicians will have to say to their people: "You had better get set for a very rapidly increasing level of tax" or to the capital market: "You had better get set for unaccustomed large deficits".

My own personal conviction, I must say, is that the only way that the public is going to understand that this is not a matter of greedy provincial politicians trying to grab up twice the money or anything else: it is a matter of dispassionately looking at what the financial facts of confederation are at this juncture and trying to treat it properly.

I do not know what the Tax Structure Committee will decide about making this data public at all, but I say, as a matter of personal conviction, I think this is the only way this misunderstanding which one sees every day by well-informed people in the press and in the public, will be discharged.

PROF. McIVOR: Whether the material gathered





by the Tax Structure Committee is published or not, you are going to get exactly the same financial picture which is already made available by the Ontario Committee on Taxation.

THE CHAIRMAN: Of course, this is one of the great problems that we do not have that yet. However, for that reason, Craig, for the reason of the Carter Report and everything else; I do not know what the Carter Report will say on this, but we have also talked about whether it is reasonable, in view of this, to try and tie up a five year agreement right now.

You remember some months ago this Committee recommended to the Prime Minister of this province, as did the Smith Committee, that we should embark only upon a one-year interim arrangement until all of these other reports are in.

Well, I suspect that what is going to be suggested by the Federal Government, and I suspect what will be suggested by us too, is that try and work out a two-year interim agreement until we have had a chance to digest all of this, and really indulge in a very major job of public education; because when you are close to this thing and have been working on it for a long time and yet you see that really there is a complete lack of public apprehension of the issue, it is very discouraging indeed as, of course, it can get led into



so many blind alleys.

On that exercise, of course, you know that the federal people would also hope there can be some breathing space too; that they will not have to make an absolute confrontation next week of a five year agreement with Quebec; that if there can be some holding adjustment then they will avoid an absolute collision, and who knows how things may shape up in the next couple of years in Quebec?

DR. FORSEY: Or in the Dominion. The two old gentlemen might move all for one thing.

THE CHAIRMAN: Well, yes, the thing is, you see, that following Mr. Johnson's statement in Ottawa in the middle of September, not one dollar of one Quebec bond was raised outside the Province of Quebec, and this has had some impact on Mr. Johnson.

Meanwhile in the Department of Federal-Provincial affairs in Quebec a study is under way on the economic advantages and disadvantages of Quebec's membership in Canada. This, there is reason to think, may well suggest that there are many advantages to Quebec in finding economic terms for remaining in Canada.

When this kind of business can get into the mill, if there is time to avoid a cataclysm next week, there may be time to work out some arrangement, provided a deferment of the official decision next week is not interpreted as saying: "Nonetheless, we



are prepared to drift along to associate state".

This is the point the Federal Government wants to make right now clearly, and I suspect we do too.

There is the background to the whole business, and these two topics which are set out, one at item 3 in the agenda and one at item 4 -- "Aid to higher education" and "Discussion of issues arising from the Tax Structure Committee", as I say, I will be most grateful for them if you have any views and opinions on those subjects now; because in the next few days and during the next week the group of Ministers and civil servants will be thrashing this out through the day and into the night.

Obviously there are subtleties and there are important decision. I know the federal people feel very much that they are going to be taking a strong position. It is going to involve some risks and the risks are pretty awful if they backfire upon them.

PROF. FOX: Just as a matter of procedure, I wonder if it is not more logical to discuss in some detail item No. 4 before we proceed with item 3. It seems to me No. 4 involves the general principles of the entire problem; so, admittedly, the concept of higher education is a substantial portion, but I think if we start on 3 we will rapidly get to 4.

THE CHAIRMAN: I think that is a good





suggestion.

PROF. FOX: If I may add to that brief comment, I was talking to Craig and Harvey about the three briefs -- well, the Sharp speech and your brief and the Quebec brief. I found my very brief discussion with him extremely profitable. I do not think we had this in our last plenary session, because the Sharp speech was not available at that time. I would suggest when we start that some of the general principles that emerged from that last Tax Structure Committee meeting ---

DR. FORSEY: May I add to that point and say that if either the Dominion Government or the Ontario Government thinks the real problem is the question of associate states, they have missed the point. I do not think we are going to be confronted, I do not think anybody is going to be confronted with a direct move towards associate states.

What is much more likely and what seems to me to emerge clearly from everything Johnson said, is some form of in-and-outism. I do not think you are going to get something perhaps like the St. Jean Baptiste Society where you would have two sovereign states with certain common organisms.

I think what you are likely to get is the suggestion or series of suggestions which would mean that for certain purposes Quebec would be absolutely out, and for other purposes it would be



in; and that the Parliament and Government of Canada would remain in being legislating on a vast number of matters for the nine provinces, but on a very, very few for the Province of Quebec; and that the representatives of the Province of Quebec would remain in the Cabinet, in the Senate and in the House of Commons.

It would be something that would have, for Quebec, as I have said in this document that I have put in, it would give Quebec the maximum of advantages of separation and the minimum of disadvantages; and by the same token, it would give the rest of the country the maximum of disadvantages of separation with the minimum of advantages.

I think this is the kind of thing they have to watch out for much more carefully, especially as this will be represented as a very moderate proposal, far more moderate, far more satisfactory to everybody than the associate states, let alone separation.

I would put them in exactly the opposite order, that from the point of view of the rest of the country, if this is the kind of thing Johnson wants, what Quebec really wants, from the point of view of the rest of the country separation would be the best of the choices and associate states the next best (a long way after) and the in-and-out proposal by which Quebec would make itself for many



purposes a foreign country but would nevertheless be right in on all decisions for the rest of the country, this would be the worst and the most impractical and the one most likely to lead to a complete collapse.

I just want to put that in now, because I think the real danger is that people are going to be led up the garden path by spurious moderation which will not be moderation in fact at all and which would end in exactly the same thing -- separation but after an enormous amount of blood, sweat and tears.

PROF. McWHINNEY: I thought you were raising a different point, Mr. Chairman, and that was essentially that the consensus was emerging in bodies like the Tax Structure Committee that on empirical grounds produce, if you wish, an increasing identity of positions with the two big provinces at least, and perhaps other big provinces, in terms of a redistribution of the tax revenue.

Quite obviously one of the alternative hypotheses about Johnson is that he is concerned with empirical problems, but not really very interested personally in constitutional issues except so far as they relate to things like what revenue you get and the like.

I am intrigued by this body, the Tax Structure Committee. One of the weaknesses in our





constitutional law, of course (having taught it now in four different countries) I find we do not really have very much on bodies like this which seem to be exercising certain decision-making, policy-making functions. It would be very helpful to me if the secretariat here could within perhaps a four or five page paper, do a brief history of this body and some sort of resume of the extent to which, if ever, it has been exercising policy-making functions. What is its history, and what is the consequence, if you wish, between decisions or consensus in this body and actual legislation or other types of decisions at the provincial-Dominion level?

This is something one does not get in the basic constitutional law books, and our inter-discipline studies are so restrictive in this country - maybe not at Queen's, certainly not at Toronto - you get nothing on this. But it seems as far as Ontario is concerned it is the heart of the constitutional great debate. Probably, you know, in a way, in Quebec too, Eugene, if you separate the noisier superstructure type of thing, the discussions, associate state and the like.

THE CHAIRMAN: I wonder, just before we go too far, if the Chair could make one procedural ruling.

I think that Professor Fox's suggestion



about order is a suitable one. Now we are already launched, as you see, into that category. We feel one must start from the top down to the bottom, and the matter of education is part of the overall. We would have preferred these items treated in a different fashion next week, but there they are, and certainly for our purposes I think we should deal with them.

I would also like to suggest that we have something of a time limit on these matters; perhaps to discuss item 4 before luncheon and then take an hour on the higher education after lunch, and perhaps another hour on the submissions to the Quebec Committee, that is item 5.

With your permission I would rather like to wind up by four o'clock. I am under some personal pressure at the moment. I shall be away all next week, and there are a few things I will have to do before leaving the office today. I am sure you all have things to do too. If that is agreeable, I think we might launch into item 4.

I am sorry, Tom. I think you were going to speak.

PROF. SYMONS: Mr. Chairman, I am pleased that Professor McWhinney raised the point he did about the Tax Structure Committee. I think it would be very helpful to the members of our committee if we could have some resume of its scope and its history;



but for the purposes of our discussion today I, for one, would be very grateful if you or another member of the Committee for a layman like myself could give a very brief review of the membership of the Tax Structure Committee; whether you feel, if you can say, that it has reached consensus on certain fundamentals, and has this consensus included the representatives or advisers from French-speaking Canada? Have they been able to agree on any comprehensive re-arrangement of tax matters that offer a general approach for the meeting next week, or is this something that you perhaps do not feel able to comment on?

THE CHAIRMAN: As a matter of fact, I feel I have been speaking much too much today and perhaps monopolizing. Don can speak equally well on this. Indeed, he was present at the birth of the Tax Structure Committee.

Why don't you take a crack at this one, Don?

MR. STEVENSON: All right. Mr. Chairman, the Tax Structure Committee genesis came at the Federal-Provincial conference of Premiers in Quebec City in the Spring of 1964, the one which two weeks later was followed by agreement on the Canada Pension Plan.

It was conceived at that time as a way of finding a long term solution to the continual problem of federal-provincial financial relations, particularly





to provide the means for deciding on a five year agreement starting from the period April 1st, 1967.

It was officially set up in the Fall of 1964, and its terms of reference included an investigation of the expected expenditures and revenues of the two levels of government (the provinces to include the municipalities) over the five year period; the tax resources available; the gaps between the two levels of government; alternative methods of proposed re-arranging of financing to cover the gaps properly; the business of the machinery of Federal-Provincial financial arrangements.

At that point both the Federal Royal Commission on Taxation had been formed and most of the provinces had set up similar Commissions. The idea was that the Tax Structure Committee, during the course of its deliberations, would explore the recommendations and studies of those Commissions and try to work their recommendations into the final five-year agreement for 1967 to 1972.

The membership of the Tax Structure Committee was to be the provincial treasurers, the Federal Minister of Finance and perhaps an associate member including one other Cabinet Minister from the Provincial governments. It so happened about five of the provincial treasurers also happened to be provincial Premiers, and so you soon got a situation



where the Premiers who were not also Treasurers felt that because of the level of the discussions they had better be represented too. In Ontario's case, both Mr. Allan, the Provincial Treasurer, and the Prime Minister have attended all meetings of the Tax Structure Committee itself.

The working group to consider technical details and to present proposals to the Tax Structure Committee itself, was to be the Continuing Committee on Federal-Provincial Financial and Economic Relations which had been set up in 1955, and which consisted of generally two official appointees from each Government, generally from the Department of Finance or Provincial Treasurer, although in some cases it was the equivalent of Mr. Macdonald, the Chief Economist of the province -- to be expanded as considered necessary by each Government, because of the wider range of subjects being considered by the Tax Structure Committee.

The Tax Structure Committee itself at the ministerial level has only met about four or five times. On these occasions it has been presented with the progress reports from the Continuing Committee. It has asked the Continuing Committee then to get into new points or continue with the ones they had been working on, as the case may have been.

The real problem with the timetable of the Committee's work was the delay in the receipt of



the Royal Commission reports on the tax structure within both the Federal Government sphere and the sphere of the individual provinces. Even though these Royal Commissions did not have specific terms of reference relating to Federal-Provincial affairs, I think it was felt that it was difficult to share taxes without knowing how the structure of individual tax fields might be changed.

At any rate the time has now come when the old five year agreement is running out, and the new one has to come into effect from the beginning of the next fiscal year on April 1st.

The Federal Department of Inland Revenue has to have within ten days from now notice from the provinces as to what their rates of personal income tax will be next year under the tax collection agreement.

THE CHAIRMAN: So you would all know what you would have to pay.

MR. STEVENSON: This means next week it has to be reached at the very minimum as to what the level of personal income tax will be of the two levels of government next year.

The other main areas of consideration in reference to tax sharing were the problem of the equalization formula and payments and the problem of shared-cost programmes.

Perhaps the greatest work done by the





Continuing Committee and the Tax Structure Committee in reference to the projections of revenue and expenditure, was the testing of different potential equalization formulae. This has probably led to the closest approach to agreement in any field, in that the Federal Government did present a proposal at the September meeting. It will probably be re-proposed next week, and we have the feeling that that may be something that might go through, although whether it will be on a long term agreement for five years or just a year or two is an open question.

The other area of shared-cost programmes results from the fact that a number of the major shared-cost programmes, such as Hospital Insurance, Canada Assistance Plan, the technical and vocational agreements in education and several others, are all for limited terms, which run out in different years -- 1967 for some, 1968, 1970, 1971.

There was a hope that general agreement might be reached on the philosophy for dealing with these shared-cost programmes in the future, particularly when the regional time limits ran out.

Another complicating feature was the Interim Arrangements Act which was passed a year ago, and which permitted provinces to opt-out of a selected list of shared-cost programmes. Quebec being the only province to have done so, it left what the Federal Government considers perhaps a



dangerous anomaly of one province being in distinctly different relationship with the Federal Government than the others.

The result of this has been that the Federal Government in its proposals in September, which will be discussed by the Tax Structure Committee next week, has suggested and urged that the provinces other than Quebec, in exchange for 17 points of the personal income tax, opt-out of their main shared-cost programmes as soon as possible, these being Hospital Insurance, Canada Assistance Plan and a series of continuing charge agreements.

PROF. CREIGHTON: What is included in Canada Assistance Plan - Old Age Pension and what else?

MR. STEVENSON: These are pensions for the blind, Old Age Assistance (which is to people who pass the means test) additional assistance to Old Age Security and those for senior citizens who have not yet reached the Old Age Security age limit. There are one or two other areas such as ---

THE CHAIRMAN: Mothers.

MR. STEVENSON: Mother's Allowances, disabled pensions, Unemployment Insurance.

DR. FORSEY: What ~~used~~ to be called relief.

MR. STEVENSON: Generally the whole sphere of those welfare payments.

PROF. FOX: Mr. Chairman, I think we ought



to thank Don for the summary, because it clarifies matters, but in order to get into the sort of guts of this thing preparatory to starting to grapple with some of these points, I wonder if I could pose a question to Harvey and Craig in particular, and invite them to comment on it.

My analysis of the Sharp speech and what happened at the last meeting, is that he is saying in effect: "We will talk only about income tax and the adjustment of points of further abatement so that the province will get more." In turn, as Don stated, they have to take over some shared-cost programmes in toto. He was not talking about indirect taxes; he was not prepared to talk about changes in corporation tax.

Can we start off from that point and ask Craig and Harvey what they think of this and what room there is for manoeuvre here on the part of Ontario, how Ontario ought to get more money.

It seems very simple. The whole thing boils down to both levels of Government wanting more money, and that Ontario is not prepared to accept abatement if all the sums accruing thereby go in paying for their own controlled hospital insurance, hospital plan.

What solution can there be to this sort of programme, Harvey and Craig?

MR. PERRY: I think this is putting us





into the realm of realities now. One does have the position at the moment that the Quebec claims are extreme in one side. The claim is for complete control over the two direct tax sources; whereas for the first time I think the Federal Government position is extreme on the other side, that in effect the position taken now by Mr. Sharp is that he will concede nothing in the way of tax transfers, because an offset of an expenditure against a tax transfer is not a real transfer. The financial burden is not changed, in other words.

So that Ontario's position has now been made, I think, far more complicated than usual; the usual position being that it has simply gone to these conference to get as much for its own self as seemed reasonable. The additional factor now is that it must put forward proposals which, if at all possible will at least not widen and exacerbate the position between Quebec and the Federal Government, and preferably will bring about some sort of compromise.

One thing I would like to ask Ian first before going on, is whether in the discussions that have taken place there has been any sign of relenting on the part of the Federal Government; because earlier there was a more moderate position taken, and I think perhaps the position taken at the conference came as quite a surprise to most people.



THE CHAIRMAN: Well, after the September conference we had a meeting of officials at the end of September and a very good down-to-earth discussion of needs and at the official level, without saying it was a softening, there was certainly a realistic discussion of the problems and indeed some ways that one might come about carving up things to meet the purpose; but I have been told as recently as yesterday by Ottawa that the position on tax sharing will remain adamant and absolute.

MR. STEVENSON: There is the other question of aid to higher education.

THE CHAIRMAN: I was going to say that one way the Federal Government is providing some assistance to the provinces is in an area which seems to have some public support without backing down from their absolute tax-sharing position; that is, to make aid available to higher education, however generous that might be.

As far as Ontario's treasury is concerned, if we do get aid to higher education, this helps the overall burden of the treasury and so it is one way of getting money in.

Again, for a variety of reasons, the Federal Government is having a terrible time establishing its policy on this; and again as recently as yesterday, the way they seem to be going, it would appear, is not going to provide a net



addition to the provinces that is going to make either the Provincial Treasurer or the Presidents of Universities, Tom, jump and down in the streets.

PROF. SYMONS: Or perhaps it may, with feeling.

--- Laughter

MR. PERRY: I would like to suggest, Mr. Chairman, that we are not really in a much different position than we were when we were preparing the report of our sub-committee; that the issues here have not changed that much in six months. Basically they have not changed that much in a hundred years.

In our sub-committee report we recommended that the province argue for transfers of revenue in all areas involved, that is, personal income tax, corporate income tax and commodity taxes.

The Prime Minister finally, for reasons which you have explained, at the last meeting chose to concentrate the argument on the personal income tax, and this is very understandable.

I am wondering now whether a more viable approach might not be a broader across-the-border approach: "Let us spread it a little thinner but over several places, rather than concentrating on the one". I am afraid this is strictly a matter of bargaining.





PROF. McIVOR: What seems to be the suggestion is we really should go back and take a look at the principles which we endorsed in the report of the fiscal sub-committee, in the light of the fact that maybe these provide the only realistic approach in view of the position that is being taken by the Federal Government.

In reply to your question, Paul, the guts of the matter seems to be that Mr. Sharp has recently adopted formally a very uncompromising position in which he says: "There is no further tax room for the provinces, period"; that is, in the face of the studies which had been made and to which Ian refers, that the rate of growth in provincial expenditures relative to revenues is going to be much greater than in the case of the Federal Government, and that is the enormous deficits that are forecast for the next five and ten year periods.

The Federal Government says there is no further tax room for the provinces and that "all we are willing to do is to grant abatements within certain expenditure programmes we are now performing"; but this provides no additional tax room and it is just a quid pro quo. "We grant certain abatements in exchange for the province taking over a comparable dollar expenditure".

Furthermore, they appear to be insistent on granting the abatement entirely in the area of further



personal income tax occupancy; they are not prepared, for various reasons, to extend this, as we had recommended that we should support the position, for abatement in corporate income tax and in commodity taxation generally.

If one could have hoped that some rational principles had been brought to this whole thing, then you might expect that the various services that are provided by government would be ranked according to priority, whether they were provided by the Federal or the Provincial government, and some adjustment of tax room be made accordingly; but what Mr. Sharp seems to be saying is: "We are here with our whole range of expenditures, present and committed" and they are going to take all the revenues we have had under the existing arrangements for the next year too.

You have got your expenditures. The fact is that the total expenditures of government at the two levels are going to far exceed the yield from the tax you have in its present level, and so the Federal Government is saying: "We are here. If you need more money, go and raise it yourself".

As I say, this is politically understandable, but it seems to me it is simply not a rational approach at all. The hard fact is that the Federal Government is saying: "No more tax room," and this is the position from which the Ontario Government has



to do its best to push the Federal administration.

There have been some suggestions that maybe some interim policy can be provided through <sup>the</sup> channel of education, but this has all the attendant difficulties of trying to operate in this field in view of the Quebec problem and so on.

What we endorsed in the sub-committee is that we must push as strongly as possible the need for additional tax room, and that this should be done (among other things) by abatement not just in the personal income tax field but in broadening to other direct and indeed certain indirect taxes. I think this proposition is as valid now as it was when we were discussing it before, Ian.

THE CHAIRMAN: I think we had no wish to deviate from the recommendations of the sub-committee of this Committee, although we had certain questions about emphasis.

As I mentioned to the sub-committee at its last meeting here, by the Federal Government setting up the ground rules that they would not talk about estates taxes, corporation taxes or the consumption taxes in this forum, this left only the personal income tax which was even subject to discussion, let alone decision. Certainly that left very little room to manoeuvre.

We will continue to say that one is right to look at the overall picture and the proper overall





balance of tax-sharing. I do not think we have any doctrinaire view on any field. We must have it. I believe admittedly personal income tax is the greatest growth field and most elastic tax.

Although I would not want to be quoted outside this room, I think our federal friends have built a terrible distortion into this whole exercise by simply wiping off from the table discussion of a part of what must be the whole package. Personally I think it is regrettable, but that is the situation we have been raised in.

DEAN LEDERMAN: As a matter of Federal-Provincial conference procedure, can they control the change to this extent?

THE CHAIRMAN: Well, it goes back to the old chestnut we discussed earlier and Professor Brady has been working on, the nature of the Federal-Provincial conference -- the nature of the Federal-Provincial conference. Whether you like it or not, by location and by the fact that you bring a group together, some person must sit down and begin somewhere, and perhaps by traditional indifference on the part of many of the provinces the habit has grown up that the Federal Government sets the ground rules and the starting point. You don't then all get together to see what it is we are going to talk about and to work out the agenda together and to work out the positions together.



This is the problem where you have now got in Quebec and Ontario people who are doing rather extensive research and have a point of view about these matters themselves. The is where our frustration comes because there is not co-determination of the thing, and we can go on and say our point of view and say it repeatedly but it does not cut a lot of ice.

DR. FORSEY: It is more a matter of just tradition, it seems to me, in the Dominion Government setting the ball rolling. After all, the Dominion has under the constitution the power to raise money by any mode or system of taxation.

Naturally if someone wants to come to me and wants some of my money, I am in a position to say: "If you want some of my money I am going to decide how you get it, I am going to set the ground rules for the discussions. If you don't want some of my money, that is your affair, but if you want my money I have very strong reason for laying down exactly what I propose to do or I don't propose to do."

PROF. McWHINNEY: But surely we agree that in terms of the division of constitutional powers, the positive law powers of the Dominion are broader than those of the provinces, but within their own areas the provinces have their powers; and the essence of this body, as Mr. Stevenson



described it as a body, the Tax Structure Committee, is something that rests on consensus and it pre-supposes there is a rational decision-making structure.

It seems to me that there is not any consensus. Various people consider their options, but as far as I can see, it certainly requires reasonableness on all people's parts and Ottawa is unreasonable, and particularly on these positive law powers it should have other people exercise their own options.

it  
In other words, what/seems to me you stated in the politics of this Tax Structure Committee meeting in the last session is that if Mr. Sharp remains adamant, it may be necessary for our own or more of the provinces, if they feel the gap between their commitments or expenditures and their source of tax revenue is becoming intolerable, to exercise some of their legal options and without the approval of the Federal Government. This is, I think, the interesting thing in the Confederation debate. In the one sense there is this structure deriving from the Committee, and on the other hand there is a big battle between more than one province and the Dominion over how rationally to allocate tax revenue, how to set in the most rational way the priorities in terms of expenditure in relation to income received.

We may be creeping up on a major crisis of this sort that far transcends Quebec's position, if





the Dominion remains adamant.

I gather in terms of the structure for the Tax Structure Committee, that there is absolutely no statutory base for that Committee. It is simply a body that works well as long as there is consensus, but if the consensus breaks down then you have to call your battalions of lawyers in and say: "We have these other options".

DR. FORSEY: You mean "go out and get your own money".

PROF. McWHINNEY: Yes.

DR. FORSEY: That is what Sharp said.

DEAN LEDERMAN: I think the history of the Federal-Provincial conferences on finance has been that the provinces may propose, but the Federal Government disposes. In other words, there has not ever been any true consensus on these things. The provinces go home, and a little while later the Federal Government and Parliament pass what they are prepared to do on the statute book on a take-it or leave-it basis. That is probably putting it a little strongly but isn't that it?

PROF. BRADY: In other words, co-operative federalism means finally the Federal Government decides.

PROF. McWHINNEY: But it need not be so. Isn't this in effect the Johnson position or is it ours? I don't know.

THE CHAIRMAN: Ted, it depends what you



think of the Federal state and how it works. We tried to say in the last two paragraphs of the brief last month that it has been habit (as you were saying Professor Brady) for the provinces to go and to plead their cases with the Federal Government, and then really in effect for the decision to be made by the Federal Government and ultimately by Parliament as to what they are prepared to hand over.

Now, we tried to suggest that this is no longer a proper way of doing it; that it should not be a matter of one government trying to squeeze out some other government's resources; that the idea of the Tax Structure Committee was that one would really examine what the needs of all governments were and then carve up the resources in a manner that would fit the needs, while being economically sound and financially responsible.

Our Ministers certainly here believe that this was the exercise that we are about; and now the feeling is that are we really - that that was perhaps just theoretical, that we are right back at the same old situation. Perhaps it is Utopian to think Federal states, if anything, would work that way. I don't know.

DEAN LEDERMAN: Mr. Chairman, may I say what seems to a non-economist a very fundamental question. It seems to me that there is an assumption



that the ideal financial situation is to equip the Federal Government with taxing powers sufficient to cover a tax harvest that will carry its responsibilities and not much more; and to equip the provinces with taxing powers that will enable them to carry their responsibilities and not much more.

I wonder how realistic this is, because in the first place you have regional disparities and the necessity for equalization payments of some kind at some level.

In the second place, the territorial taxing base of the Federal authorities is the whole country. They do not have to worry about provincial borders, and they have extra-territorial powers for what they can do internationally to get in taxes.

It seems to me this means that the federal tax-gatherer can be both more fair and more efficient in dealing with any enterprise, any industrial undertaking, any business undertaking that is trans-provincial.

Now, are we steering a course through an exact matching of taxing powers with expenditure responsibilities, or do we not have to recognize that the Federal Government will always be over-equipped and the provinces always under-equipped, and there will be some kind of transfer payment situation always confronting us, always necessary? Because there are some very basic assumptions here





that have to be sorted out.

THE CHAIRMAN: This would be all right too. We would have no objection to the Federal Government having all the money and then transferring block grants to the provinces for their needs. This would give them control of the overall tax structure, and give us the money we need.

But their objections stated to it are at their end, that this places them in an inferior position and so on.

I think certainly we have not been doctrinaire about this. Our very simple, elementary objective, no more, no less, is not to be worried about formulae, autonomy, freedom or anything else: just to get the money to pay the bill.

DEAN LEDERMAN: I think perhaps in our discussions we have concentrated over much on the tax transfer side; that in fact the Federal Government has brought proposals for an increase in these payments to regional governments, along with the other proposals that it has made, so that this is recognized in Ottawa as being, I suppose, the basic purpose of the transfer system, to assist the regions.

PROF. FOX: I wonder, Mr. Chairman, if Ontario should not revise its sort of basic approach



to this problem. It may be too late, but it strikes me for a hundred years we have had a situation in which the province has always been dependent upon the Federal Government really, and maybe Ontario ought to revise its thinking and say: "Well, all right. We will consider taking up the Federal Government's offer, collect taxes".

I suppose you have made studies about the cost of collecting income tax and the net gain, and the corporation tax and the net gain.

It seems to me Ontario is in a peculiar situation in this regard, because it is the wealthiest province in relation to both individuals and corporations. There is obviously a much higher percentage of individuals with high incomes and corporations with head offices in Ontario which can be taxed; that Ontario could cut considerable ice if it said we are going to move into these two fields in collecting its own taxes at a pretty healthy level.

Now, you meet, of course, political problems in terms of voters, where the voter is going to take out his indignation, whether it will be on the Federal Government which will presumably continue certain limited taxation in these two areas itself, or whether the voter would take his indignation out on the Provincial Government which moved in; but, thinking about it, it strikes me that



Ontario has always been very hesitant to contemplate any significant posture in this field within the realm of possibility. Do you see my point?

THE CHAIRMAN: Yes.

PROF. FOX: . . . And if Ontario were to do that, it might find it were joined, out of mutual interest, by the richer provinces. Of course, the poorer provinces would complain for obvious reasons, but at least it improves Ontario's bargaining position and it may well be that you would come back to some sort of proposal such as was advanced by the Drew Government at the post-war reconstruction inquiry in 1945. That is when they proposed that the richer provinces make available to the poorer provinces a pool of funds out of which equalization grants would be made to the poorer provinces. It was not very successful, I think, the way it was presented, but there is the germ of a thought there.

It seems to me that Ontario laboured under this problem of trying to protect the Federal interest as well as its own. It may be that if you feel that you are desperate for these funds and you are not going to get them because of the Federal Government's obdurate stand, then you have to become more obdurate and take a decision that may give a different solution.

PROF. McIVOR: Is the basis of your proposition that Ontario collect its own taxes?





PROF. FOX: Thrash that out as a suggestion which has been insufficiently considered by Ontario. I don't know, because we have never discussed this in the plenary.

THE CHAIRMAN: You mean that we should tax double?

DEAN LEDERMAN: Go back to the 1930's.

PROF. FOX: I would say you are taxing singly.

PROF. McIVOR: Are you talking about the mechanism of tax collection or the level?

PROF. FOX: Mechanism.

PROF. McWHINNEY: Mechanism gives potential power to compete, but without your own taxing authority you are in effect depending upon somebody to pay. It would widen your range of options if you did have your own tax collection, I think.

PROF. McIVOR: We have done considerable investigation of this aspect. We have come to the conclusion that this bargaining power is perhaps vastly over-rated, merely by the insistence --

PROF. McWHINNEY: It can possibly be competitive, though. This is quite commonplace in federal systems to have twin sets of authorities collecting taxes. The larger issue becomes: who has priority if they get into a tax battle between each other?



The answer in certain federal states is the Federal Government has priority, but this is dependent upon particular political-economic factors in those federal systems that are not represented here at the moment.

It would be awfully difficult for the Federal Supreme Court here to come to a decision like the Australian Supreme Court gave on just this issue, if you have two sets of authority competing, that the Federal has priority in terms of time of collection or first go at the taxpayer's money. The options in terms of position, I think, may turn out a little differently.

MR. PERRY: Basically what you are suggesting is that Ontario take the position that Quebec has already taken.

PROF. McWHINNEY: It may come to that.

MR. PERRY: If this happens, we have no country left.

PROF. McWHINNEY: I wouldn't say that necessarily.

MR. PERRY: I can't see much of a country left.

THE CHAIRMAN: If next February in his budget the Treasurer slapped on a 12 per cent income tax on the citizens here and 10 per cent on the corporations of Ontario, the Minister of Finance in March simply would not be able to, politically, come



back at those same people and hit them hard.

PROF. FOX: You see, what I am really asking is whether this alternative has ever been fully explored by the Ontario Government. It seems that Ontario, speaking from observing them publicly, except for the 1945-6 conference, shied away from this, where the Quebec Government has not. One does not know, as far as the Quebec Government, in answer to Harvey, one might say that.

Is there not an alternative here, in other words, that we have not considered, as Ontario people, sufficiently?

Your committee, Craig, has made studies of the economics of tax collection, and I know nothing about this, but I would be prepared to be told that it is not really effective, that it is cheaper to have the Federal Government collect taxes and still depend on them and so on. I don't know, but I would be interested, because it appears that this premise has always been dominant.

MR. MAGONE: My recollection is that Ontario did at one time collect its own corporation tax.

DEAN LEDERMAN: Yes, in the '30's.

MR. PERRY: And still does.

PROF. McWHINNEY: But the basis was different. The province found, in considering its options, it gained more by going along with federal collection. But what you have been





presuming in the long run in this Tax Structure Committee is -- in fact the lone purpose is to provide the percentage you work on. You get escalated into the position where the Federal Finance Minister says: "This is my position and that is that".

I think it is implicit in the point taken here that we have at the moment no alternative because we cannot collect tax physically; we do not have the machinery or the agency. It eventually strengthens your hand if you do have your own tax collecting agency, and you can say: "Well, we are not obliged necessarily to accept your statement, if we can only take 26 per cent of the personal income tax. We have the option effectively of making another disposition".

PROF. McIVOR: We have the option of taking any position we like. Under the Tax Collection Agreement this is not going to mean anything. They will collect any tax that you prefer to specify.

DR. FORSEY: Absolutely.

DEAN LEDERMAN: The answer to this is surely political and not economic. What is the most politically sensitive tax? What can lose you votes more quickly than anything else? Income tax. If you are the government in Ottawa and you can pin responsibility for higher rates on the province,



politically you are better off, and vice versa.

PROF. BRADY: In this situation, of course, Ottawa could pin the responsibility on Ontario if it started, for example, to initiate a rate of income tax much heavier. It is initiating, in other words, and the initiating authority in heavier taxation in the short run at any rate would bear all the onus of political responsibility before the electorate, would it not? In other words, as an alternative it is difficult politically.

MR. PERRY: Should we disillusion these people? I think with all the willingness of the Federal Government to transfer taxes (and this will not be very great) Ontario is still going to have to have a higher level<sup>of</sup>/tax than it has now.

DR. FORSEY: I do not think there is any doubt.

PROF. McIVOR: I fail to see how any rational solution of it, how any approach to the rational allocation of taxation sources can be very substantially furthered by mechanical arrangements of tax collection.

PROF. FOX: The thought occurs to me, you might want to change the base of your tax.

The Federal Government will only collect taxes on behalf of the provinces if they use the same base as the Federal Government rate.

PROF. McIVOR: That is right.

PROF. FOX: You might for some reason -



I don't know, I have not studied the problem - you might want to change the base because of the peculiarity in performance that you might gain a greater rate by changing; but the psychological effect of in fact having control of your own major direct taxes might cause the Federal Government - particularly by a large province like Ontario - to be less obdurate than it is.

I suppose I am really thinking of it in terms of improving the bargaining situation; because the point Ian has made perfectly clear and we are aware of, is that the provinces, it seems, do not have any bargaining base. How do you change that?

DR. FORSEY: All this seems to emphasize the desirability of not going in for more than a two-year interim agreement at present, because I notice that the Chairman said "once-for-all re-division of the tax pie". That has been said ever since Confederation and it does not happen.

DEAN LEDERMAN: Every year since Confederation.

DR. FORSEY: It won't be once-for-all.

PROF. McWHINNEY: Why cannot it be every year? What is the significance of the five-year period or even your two?

DR. FORSEY: The second thing that the Chairman said which struck me -- the financial factors at this juncture. There are some increases





we may be in for in economic circumstances which are not quite as favourable as they have been in the last little while, and the financial factors at this juncture may not be financial factors at another juncture a year or two hence.

Then there is the other thing. I am not quite so certain that you can take up this adamant position against any kind of constitutional revision. I am not arguing for associate states or in-and-outism or anything of that sort, or separation, but I do suggest that the assumption all the way through here has been: "Here is a poor province. They have got a terrific job on their hands and they need an awful lot more money". One reason they have got quite a terrific job on their hands is that the responsibilities they were given at Confederation have grown and become more expensive. Another reason is that the old rascals on the Judicial Committee saddled them with extra responsibilities.

I am not certain we are going to be able to avoid taking a hard look at the constitution, not from the point of view of following theories by anybody, but from the point of view that the Fathers of Confederation started: What are national responsibilities; what are local responsibilities?

It seems to me quite conceivable that some of the things that the provinces are now doing would be much better done by the central government.



PROF. McIVOR: Education.

DR. FORSEY: In some aspects of it, even that may not be ruled out; but the point is it seems to me we are taking too much for granted; ~~that~~ all we have to do is transfer resources to the provinces to meet their jurisdictional responsibilities.

However, we ought to be giving a little thought during a breathing space, to the possibility of doing the thing the other way.

THE CHAIRMAN: Transferring responsibility.

DR. FORSEY: Some responsibility. There might be need for transfer both ways. I am not sure we can just duck the question of constitutional revision. It may not be a good time to raise it now. I think it probably is not.

MR. PERRY: Eugene, I think it is very relevant in one sense that the dilemma I find myself in in looking at the Quebec position is that it seems to me they are calling the bluff of what has been a fairly open conspiracy for ten or fifteen years in this country, to allow the Federal Government to do certain things, largely in the social welfare area, assuming the main expenditures for those programmes which, under the constitution, are the responsibility of the provinces.

DR. FORSEY: Quite.

MR. PERRY: So that when Johnson or Lizotte comes to Ottawa and says: "We want to re-assert our



authority in these fields; we want to resume these areas; we want the tax sources with which to carry them out", they are in a very strong position.

The only counter-argument that can be offered, and the one which has really motivated this recent period, is that it is in the best interests of all to have a strong national government. It seems to me that this is the other dilemma that Ontario faces; I mean, in getting more money than the Federal Government is just able to supply. Everyone has been trying to do this forever. But here we have a completely new set of conditions in which one province is saying: "We are not going to settle for nickels and dimes; we want it all; and the reason we want it is that we want ourselves to exercise powers which everyone can see very clearly that we already have. We are not asking for any new powers whatever; we just want to do the things ourselves which it is quite clear and evident to all we are empowered to do".

DR. FORSEY: They want to resume the management of their own constitutional powers.

MR. PERRY: Right, and it is very difficult to argue against this position, particularly with the sort of feeble performance that our national government has been putting on in recent years.

What somebody has to do is to re-affirm some sort of faith in national government for this





country. I am thinking only of the fiscal area which is almost the heart of the problem, although it is not the whole problem.

PROF. CREIGHTON: I just noticed that both you, Mr. Chairman, and also the Prime Minister in his submission to the Tax Structure Committee, emphasized the fact that this was not a raid on the Federal Treasury, and try to make very plain that in their view, or your view and his view, there was a sharp distinction between the assumption on the one hand of the necessity of strong central government and on the otherhand the equal necessity (as borne out by the findings of the Tax Structure Committee) of the revenue needs of the provincial governments.

In other words, what you are saying to us in effect, and what the Prime Minister is saying is you can say at one and the same time and in the same speech: "I believe in a strong federalism"; at the same time he can say: "I want the money necessary to carry on my function and the function of this province". There is no contradiction, but to say that there is no erosion of federal powers - true enough; but if, as the Tax Structure Committee evidently anticipates and anybody who looks at the modern state I think will assume, expenditures for education and the social services are going to be the great expenditures of the future: is there not



going to be a time ultimately when the abatement, the points which the provinces will take of all these key taxes, will be such as to leave the Federal Government very little indeed? No erosion of existing federal powers, oh, no; but a continual decline of the power, of the importance of the existing federal powers, until eventually, as Mr. Perry says, you get a state which is very little more than a common market and all chance of controlling and directing it economically has gone.

I mean, Mr. Robarts said that he did not believe any longer in the necessity of the Federal Government's retaining 50 per cent of personal income tax. This incidentally is the limit your committee proposed and which we accepted. Well, he did not put himself on the limb by saying that there was another limit; did not intimate there was any limit at all.

If the kind of expenditures go on as they have been going on, we may very well reach the point at which the vast proportion of these three taxes is in fact in control of the provincial governments. Therefore to say there is not any contradiction seems to me to be a dubious remark. I think there is ultimately contradiction; I think this ought to be admitted. You cannot have both.

PROF. FOX: Yes, I think I would agree with you in this. I think really what you are saying,



when you reduce it to its essentials, is that if the provinces are to get more, the Federal Government will get less, assuming nobody is willing to tax any more.

THE CHAIRMAN: Changes the relationship, but it does not imply in absolute terms that the Federal Government has no capacity to discharge its own responsibility and to regulate the economy.

PROF. FOX: Well, it depends. It comes to the point I wanted to raise (it may be too late at this juncture) but I would like to hear from Harvey and Craig and you on this point of what percentage of the corporation and income tax the Federal Government needs to control in order to manage the economy. I gather there is some difference of opinion in the three committees on this subject. Has your thinking changed on this subject? Maybe it is not relevant at this juncture. If it is not, I think Ontario, with a clear conscience, could try to take a larger share of the income tax by agreement or unilaterally by itself.

PROF. CREIGHTON: It is not merely the collection of taxes surely; it is the amount of expenditures. You, yourself, have stressed the importance of that in the control of the economy.

THE CHAIRMAN: You see, this takes us right to the question. Let us leave aside for the moment the question of fiscal policy and how much





money and what proportion the Federal Government needs to operate fiscal policy. Let us look at the role of the Federal Government as the leader - social, economic leader. The provinces argue that the reason the Federal Government has needed this money is so that it can initiate programmes in fields of provincial jurisdiction. Of course the old chestnut Medicare is the one that is always pointed out; that the Federal Government says it has no money to turn over, but instead it introduces a programme which is going to commit the country to three-quarters of a billion dollars. They say: "Step aside from this. Give us the resources to redistribute them. Then we will decide what tax we will want to initiate".

What about this though? Is the Federal Government not behaving properly if, in its judgment, it says: "We represent the interest of all Canadians, and in our judgment it is good for all Canadians to have a Medicare plan and therefore in our judgment it is proper to take measures that will create a situation in which the provinces really have no alternative in fact, for financial reasons, but to come along with us"? And even though you might say technically this is their job and not ours to do. This is where the thing turns. Is that a proper attitude for the Federal Government in a federal state? I submit you could make a very good case to



say that it is.

PROF. FOX: I am coming around to the point of view that maybe it is not; that maybe this has been a myth that has dominated our thinking, that you must have an equality of services to all parts of the country.

Maybe it is for geographical or resource reasons, or it may be a more pleasant place to live, but you do not try to overcome that in your adjustments and it may be that we should re-examine some of these fundamental hypotheses and say: "Do you need an independent Medicare system in every province of Canada? Does that have to be?"

MR. PERRY: The problem is it is much later than you think. We do not have to talk about a new programme here; it is simply the old programme representing a very substantial part of the federal tax system.

PROF. McWHINNEY: You should get quite a different answer if you say that the federal responsibility is to establish, make sure minimum standards are provided by each province. That gives, for example, the opportunity for many provinces to go well above the minimum.

I think Paul has really referred to one of the very fundamental questions. The political scientists and certainly constitutional lawyers always assume there is an inevitable trend to



centralization in federal authorities; and one of the things many have been examining is whether this is necessarily so.

It is quite obvious that many areas of federal responsibility in terms of expenditure are going to dwindle, for example, defense undoubtedly. There are federal expenditures which are going to be cut down.

MR. PERRY: You have not talked to Mr. Hellyer lately.

DR. FORSEY: I have not seen such great faith.

PROF. McWHINNEY: My position is it should decline. We are easing out of military commitments right and left; they are being assumed by the United States and big powers.

I do not necessarily think the Federal Government has to have the control of the lion's share of expenditure unless -- and this is where the economist's argument is very decisive and where I think Donald raised the substance of the issue -- unless it is necessary simply to control inflationary trends and the like beyond a point where provinces can do it.

I would be interested in the economist's answer on this particular point, but as far as location of governmental power as such is concerned, we are much more sophisticated as constitutional





lawyers now than we were thirty years ago, and it is eminently possible to enforce national economic standards by allowing provinces to exercise powers that in effect they were not capable of doing thirty years ago.

MR. MAGONE: It might be relevant in this discussion to recall, I think it was, the case of Carron vs The King which was a taxation case that went to the Privy Council; but in the Reasons for Judgment (I forget who wrote the Judgment) it was stated that the only taxing power which the Parliament of Canada has not got is the imposition of direct taxes for provincial purposes - which is one of the items in 92 which is given to the provinces as an exclusive power.

Then following that in the Unemployment Insurance case that went to the Privy Council, in which the Unemployment Insurance Act was declared to be ultra vires at the end of the Judgment, it stated that the Supreme Court of Canada has no power to impose taxation for a purpose which is beyond its legislative competence, which it had attempted to do in the Unemployment Insurance case.

It seems to me that what the Federal Government has been doing in a good number of these cases where they attempt to impose any conditions, is doing exactly that.

Of course, in the Unemployment Insurance



matter it was followed by a constitutional amendment giving that power to the Parliament of Canada; but it occurs to me that they have been doing this right along.

MR. PERRY: This is why we call it an open conspiracy, that it has been recognized that the legal power rested with the provincial government.

DEAN LEDERMAN: I will have to enter a dissent at this point.

DR. FORSEY: Yes, quite.

MR. MAGONE: It is a legal decision.

DEAN LEDERMAN: I think the Unemployment Insurance Act, the whole Act failed, not just taxing.

MR. MAGONE: I am not suggesting it did.

DEAN LEDERMAN: And the federal taxing powers have been used from the beginning for provincial purposes. The transfer payments are in the B.N.A. Act.

So it follows from the reading of the original Act of 1867 that the federal taxing powers are going to have to be used for provincial purposes, but the only way they could get that money was to use federal taxing.

PROF. McWHINNEY: Under a subsequent section of the B.N.A. Act.

DR. FORSEY: But there were all subsequent rearrange-  
ments apart from any amendment of the B.N.A. Act,  
for example on better terms in Nova Scotia; and I



hesitate to accept that statement of the Judicial Committee in 1937, because it certainly looks to me as if the raising of money by any mode or system of taxation, period, placed no restriction upon what the money is used for. If the Parliament of Canada wants to pass an Act paying Bill Lederman and me \$50,000 a year just because it likes us, I think it has a right to do it.

DEAN LEDERMAN: With the greatest respect, Mr. Chairman, I just disagree with the report of the Privy Council.

6 PROF. BRADY: Mr. Chairman, whatever legal opinions may be, there is no doubt that in general the Federal Government has intruded with programmes into the provincial field. It has made decisions, as it were, which have affected services in the field of jurisdiction of provinces.

Now, unfortunately, it is not easy to remedy that situation, because it is a political question, but federal politicians make programmes why? Well, in order to win kudos with the electorate of Canada.

PROF. CREIGHTON: What do the provincial premiers do?

PROF. BRADY: They do the same, but the federal have greater opportunity.

PROF. CREIGHTON: Now,now.

PROF. BRADY: Because they can make claims





that will appeal very strongly to certain sections of the public, and in certain areas in general and their claims will be politically successful.

In all these intrusions in the past, the Quebec province, which has been most sensitive about its autonomy, has tended to be the protestor, not the English-speaking provinces in most cases. In the inter-war years it was certainly Quebec which protested any of the shared-cost programmes or the conditional grant programmes as they were then called. In some cases the Quebec Government ultimately agreed, as our government did, in the particular instance, because they felt in any case Quebec taxpayers were paying, and they might as well get the benefit, but they protested. The other provinces, very few of them protested on these occasions.

Now you have reached the situation where there is an elaborate structure of interventions by the federal in the provincial field, and it is part of the present federal situation, and its embarrassments, of course, are becoming pronounced because some of the basic kinds of local service that the provinces were responsible for have become more and more expensive -- roads and education, let us say. But how direct is the taxing power that the provinces require in the face of what power the Federal Government exercises over policies, welfare



and so on, is surely the issue.

One way of attacking it, as Paul suggested, might be taking a strong line on taxing. It is rather difficult for them to do that, it seems to me, for political reasons alone, but I think this is the kind of federal issue of the first importance.

Now Quebec is going to precipitate undoubtedly by its demands in the next year or two, a whole reconsideration of the constitution.

If we can arrive at any device, as it were, which will make the federal distribution of power more closely related to revenue-raising capacity, it will be an immense asset to the federal system; but this, it seems to me, is the crux of the federal problem.

I do not think this is going to help you probably, Mr. Chairman, next week very much, because you are more or less committed by what position is taken already.

DR. FORSEY: Has anybody thought how much the provinces could be relieved of their difficulties by transferring jurisdiction over certain types of roads to the central power? This is not a sensitive thing at all. I mean, in education you get into that kind of thing, but it always seems to me there is not a French way of building a road or an English way or Scotch: you go ahead and build a road.



PROF. McWHINNEY: You have to decide where it is; that is politically sensitive.

DR. FORSEY: I know, but nobody has ever given consideration to this. What do they do in the United States, who finances them?

DEAN LEDERMAN: Those are shared-cost programmes just like Trans-Canada Highway.

DR. FORSEY: This is what I assume. Here, it seems to me, you have jurisdiction over inter-provincial and international highway traffic. Can anything be done to relieve the provinces of a large area of expenditure by saying certain types of roads - I know, for example, it is clear a lot of them have worked for the general advantage of Canada. I am not sure, however, the possibility has been exhausted in this respect.

MR. MAGONE: They would just take over the gasoline tax with the roads.

PROF. McWHINNEY: In a lot of provinces, particularly in Quebec, and I am sure it is here, it is the biggest source of local political patronage.

DR. FORSEY: I know that we are looking at some very difficult problems, but should we simply rule out every possibility of transferring responsibility? Some of the responsibilities would be exceedingly difficult to transfer, but are we quite sure that all of them are?

We are going to have big expenditures for





things like water and air pollution control in the near future. What is going to be done about this? Are we going to chuck this at the provinces too? They will have to have more money to do these jobs.

DEAN LEDERMAN: These things by their character cannot be done on a provincial basis; Great Lakes especially cannot be done.

THE CHAIRMAN: Or national basis.

DEAN LEDERMAN: No. For example, the Saskatchewan River system covers three provinces.

DR. FORSEY: I am not sure I know. It is not much use to you next week, but I am not sure we ought not to be trying to take a look at these things in a new light and saying to ourselves: "Are we going to be prisoners of certain arrangements made in 1867 and the subsequent Judicial Committee's mis-arrangements for the rest of time?"

THE CHAIRMAN: As to the leadership function of the Federal Government, again take this Medicare example because it is recent, and Mr. Manning says: "Look, we have had most of our people covered with medical insurance in Alberta, and yet you want to introduce a scheme that will make us do the same thing another way which we are already doing quite satisfactorily, thank you very much, and incidentally going to cost us a little more", he says.

Now, politics apart and details apart, the



answer is "Yes, but there is not one in Prince Edward Island", to which he would say "Okay, but we will give equalization payments or other things to help them pay their cost too. We are not saying just because we are better off, we are going to let the rest of the people go hang".

Now, there are other questions, technical questions, of course - portability and transferability. There is a clear national function. Yet in fact most of these things have been conducted by inter-provincial conferences - the Conference that happened this last week on highway uniformity and so on, and considerable strides have been made in a number of these areas I could illustrate.

So the question comes back to this one: what is the Federal responsibility in that situation?

PROF. FOX: I think this is one of the few groups in Canada that is paid to think in abstract terms, and we ought to devote a portion of our time to it.

I think a useful function of this Committee could be to challenge some of these fundamental assumptions which we have not really challenged. I think in any level of thought in Canada we might come to the same conclusion ~~that~~ we presently have, or we might come to a different conclusion.

I think Dr. Brady is right, that it won't be much use to you next week, which I think leads to



the recommendation I would make, that we enter into an agreement for a very limited period, whatever it is, one or two years.

I would like to see studies or thinking on some of these issues. I would just raise the fundamental consideration whether the assumption that a strong country requires a strong federal government and dependant provinces, is accurate. Is it possible in the realm of speculation that you could have strong provincial governments and a federal government performing certain functions but not one which is controversial?

THE CHAIRMAN: I am fascinated by that question, because I think it has not been faced.

PROF. FOX: I would think one further thing that can be undertaken, playing an absolutely strategic role in this, without ganging up on the Federal Government, to get into negotiating and talking with some of the provinces, working out a more rational federal system than we presently have. This might result in a separation of the "have" provinces and the "have-not", and I would not be interested in that because of the need for national equity, but we have always passed over this and have not thought through it clearly.

PROF. CREIGHTON: We are also constantly passing over the other assumption we are making all the time, and that is that the existing division of





powers by which you can control Federal encroachment and intrusion on the social service deal, is the best one and ought to be necessarily maintained. This is the one Eugene and I raised today, and this is as far as it has got.

MR. STEVENSON: Just one point, Mr. Chairman, that people might talk about over the lunch hour, and that is the first question on the general tax structure area which was contained in the letter announcing this meeting, and this was the Federal Government offer of 17 points in exchange for the three programmes.

Now, this is relevant to next week in that for Ontario it is a big decision to make whether or not to take the Federal Government offer. If it does take it and thereby opts-out of these three programmes, it may be the only English-speaking province to do so; in which case you get into a situation where you have the different sets of relationship with the Federal Government: one set perhaps holding for Quebec and Ontario, and maybe one or two of the other large provinces, and a more dependant relationship for some of the smaller provinces. This may be desirable.

On the other hand, if Ontario does not take it - and for strategic reasons there is a good case for that, because it then limits its bargaining position in the personal income tax field - you get



to a position where Quebec is again isolated. Is that good? It is something that I think should be considered.

PROF. CREIGHTON: Ontario should not accept it.

PROF. FOX: I would like to suggest that when we resume after lunch we spend twenty minutes or half an hour dealing with this issue and then go on with your others.

THE CHAIRMAN: What time would you like to resume?

PROF. FOX: I would suggest we could do it fairly rapidly. One-thirty, would that be reasonable?

THE CHAIRMAN: All right.

--- The meeting adjourned at 12.55 p.m. until 1.45 p.m.

---

THE CHAIRMAN: Mr. Stevenson raised the point in particular about item (a) in our letter I sent out to you on the Tax Structure Committee.

"Should Ontario accept the Federal

"Government offer of additional

"taxing power in order to take over

"the complete responsibility for

"hospital insurance, the Canada

"Assistance Plan, and various

"continuing health grants? A



"discussion on this question  
"might centre around the wisdom of  
"the Federal Government's position  
"that all provincial governments  
"should have the same basic relationship  
"to the Federal Government."

One of the things they are trying to accomplish, as we understand it, is a restoration of uniformity of treatment among the provinces by the Federal Government.

A couple of years ago when the contracting-out legislation was passed, one could say that this was not preferential treatment for Quebec or any one province; it was merely to make arrangements whereby provinces could take over the complete operation and financing of programmes in provincial jurisdiction if they so chose.

The fact that the nine other provinces did not choose, but rather opted in favour of a continuing joint participation with the Federal Government in these fields, left a lack of uniformity; and the Federal Government, in its determination to prevent a continuation of any further measures that are going to make separate functional arrangements for any one province but would like to see all provinces on the same basis, is now trying in effect to achieve by a stroke what they did not achieve by the Interim Arrangements Act,





that is, contracting-out or complete movement out of this field by the Federal Government.

Now the question we have to deal with is whether, for example, these seventeen tax points, the rate at which income from seventeen tax points would arise, the rate at which revenue from seventeen points would arise, would be greater or less than the escalated costs in these programmes for which we would assume responsibility. We have done a lot of research on that, and we are in good shape there.

The broader political question is whether it is a good thing or not to encourage and to support the Federal Government in its attempt to create uniformity, whether this is important. If so, is it a thing that the English-speaking provinces should be doing as a demonstration that they expect the same treatment to prevail for all provinces? Do you want to add anything to that, Don?

MR. STEVENSON: Perhaps just the point that there has been a traditional split between the people in Treasury departments and Finance departments, who are a little bit leery about shared-cost programmes at the provincial level because they often give the operating department who have a shared-cost programme an added lever in getting money from their Treasury Board by saying: "If you spend a dollar on this, the Federal Government will



pay 50 cents of it".

I think the operating departments by and large are in favour of retaining the shared-cost programmes, perhaps with some of the rigidities and complexities taken out of them.

I might say one other thing, that some of the federal people feel very strongly that a province like Ontario cannot speak at one time about Federal Government intrusions in provincial affairs, and then refuse to take these seventeen points over.

In fact it was said by one official on the side, that the provinces refusing to take the federal offer were acting like municipalities and perhaps they wanted to remain this way.

PROF. FOX: What was the result of your calculation as to whether you would win or lose eventually?

THE CHAIRMAN: We reckon we would, more or less, other things being equal and within reasonable limits, break even.

MR. STEVENSON: Whereas the Federal Government says ~~that~~ we stand to make a big profit.

DR. FORSEY: My guess would have been that you would about break even.

PROF. SYMONS: Mr. Chairman, is any other province considering actively the possibility of this?

THE CHAIRMAN: Everyone said "absolutely



no", threw a great dose of cold water on the scheme. The federal officials expressed great shock at this and said, "We thought what the government of the province has been talking about all along is greater control in their own house, of their own treasury; and we tried to discharge ourselves of this burden and you don't like it".

The problem was not that pure in its simplicity, because we said: "Once we settle the tax-sharing thing adequately, then we will look at this in its own merits and that will be an entirely different question.

PROF. CREIGHTON: In other words, once you have got a few more points anyway, you will see whether you will buy the seventeenth.

THE CHAIRMAN: Right.

DR. FORSEY: Also, of course, here you would be taking over something that was already there; it would not be a case of being able to say: "This is a matter of our own priorities".

THE CHAIRMAN: This is so, you have still got that; and no one is going to come out of hospitals or Canada Assistance, so it really means the provincial politicians in the Federal Government can say to the public: "We have given them seventeen points" and the people come to the provincial politicians rubbing their hands and saying: "Okay, what are we going to get out of that revenue?".





The answer is: "You are already getting it and it is really a bookkeeping transfer".

DR. FORSEY: I am afraid I am not impressed by the doctrinaire point that all provinces should be treated alike. It seems to me you can have in these things, which do not affect actual division of jurisdiction, it seems to me that you can have variations without doing any very serious harm.

THE CHAIRMAN: Is that as a native of another province?

DR. FORSEY: The Atlantic provinces are going to be treated differently in certain ways, I am sure. Otherwise they will go around, do some travelling around, and Quebec would have something but others would not. I do not think that is conclusive.

MR. STEVENSON: One point I should add which I was very concerned with, and this is the philosophical position on the Federal Government proposal. I think that is based on the feeling that if Quebec does have a significantly different status, that this is just one step that will be followed by another step towards associate states; whereas I have the feeling there is also a case for putting it exactly the other way, that if there is a de facto situation whereby Quebec has a significantly different relationship and in this



case it is looking after all its own expenses, where the other provinces have the federal share in provincial affairs: this may tend to relieve some of the pressures in Quebec which is always saying: "We must be different than the other provinces.

There is such a strong feeling in Quebec that it is a province not like the others, that I feel once provinces do get to the same state in their relationship with the Federal Government, that new pressures will arise in Quebec to differentiate the status again.

THE CHAIRMAN: Whereas Ottawa is saying: "We recognize you are different in language and culture and are willing to do everything reasonable to that end, but we are not prepared to concede you are different with respect to federal arrangements".

DR. FORSEY: I think there is a distinction to be drawn between things that are already in the provincial jurisdiction, where the Province of Quebec wants to resume the full management of its own constitutional property, and the transfer of new powers from the central Parliament to the Quebec Legislature.

I would not necessarily say that all transfers of new powers were to be ruled out simply because they might give Quebec something that the other provinces did not have; but it has got something



now the other provinces have not. I think you have to look at the total balance of the thing and say: "Is this particular power or collection of powers which it is proposed to transfer, a really serious matter, or is it not?"

When you are dealing with something that is already a matter of provincial jurisdiction, I do not think the philosophical argument is so very powerful. Perhaps, however, this is too easy and too Anglo-Saxon a view and does not take proper account of a priori principles.

PROF. McIVOR: You say your calculations indicate you would pretty well break even on this as the result of the exchange. Is not this the other problem, that in the absence of any broader re-allocation of finances and in the absence of any clear indication of the Federal Government being willing to go further than such and such a distance in the total abatement of the tax, that you may well exhaust or pretty well come along to exhausting your whole bargaining position and getting up to close to 50 per cent in that one part?

THE CHAIRMAN: That is right. If we take this right up we would only get 41 and Quebec is at 47. Then if you get a few more points thrown in for higher education, you would be pretty close to fifty.

PROF. CREIGHTON: As you have already said,





you do not feel concerned about fifty points.

THE CHAIRMAN: We don't, they do.

DR. FORSEY: You, of course, are in a better position than any of us to assess the position of whether this will be taken as the thin edge of the wedge. I don't know.

THE CHAIRMAN: This came back to the point I was raising earlier about associate states, that I agree that Quebec is not going to come in and say in so many words: "We want associate states within Canada".

The Federal people seem to think that the chain of events is in process in which they will say: "We want this and want this and this" and the end point will be the same as the situation of associate states, which they are determined to now take a stand against and say: "We might as well make it clear we are not prepared to go that way, period, and let us start right now".

DR. FORSEY: I think they had better define their terms more carefully, because it seems to me certain from the constitutional point of view that if you are talking about things like joint programmes where the jurisdiction is unmistakably provincial, if the Dominion gets out of every last one of them, the country is not going to split up, it will still be there. On the other hand, if you are faced with a proposition like: "We want an



amendment of the B.N.A. Act which will put banks in Quebec under the sole jurisdiction of the Legislature of Quebec (and that is one of the things Gerin-Lajoie appeared to be asking for in his famous speech) then I think you are faced with a very bad situation. You put the banking system in Quebec under the Quebec Legislature, you put a few other things under the Quebec Legislature, and you have said goodbye to anything like a recognizable Canada. But this seems to me to be a very different proposition to say: "Here is the money, being a grant in aid". "We do not want your grant in aid. We want responsible tax power to run this thing ourselves". The answer is: "Okay".

MR. STEVENSON: Mr. Chairman, one other point which lies in the Federal Government officials' minds is that if the English-speaking provinces do not take up the Federal offer, it may be considered as a vindication of Mr. Johnson's stand that English Canada as a whole wants greater centralization, whereas Quebec does not. So why not recognize it?

DR. FORSEY: I do not know that the Government of Canada should set its policy upon whether it is likely to allow Mr. Johnson to make certain remarks. I think we have got to look at the full incidence of the thing.

PROF. CREIGHTON: The fact is this is probably right, and therefore we might as well admit



it.

DR. FORSEY: On the other hand, the provincial ~~Premiers~~ from common law provinces make a lot of wailing about wanting more money and giving forth this idea that English-speaking Canada is a money-ruling force.

PROF. CREIGHTON: But in respect to this kind of co-operation, they show very little sign of wanting to cut off, don't they?

DR. FORSEY: In general, yes.

DEAN LEDERMAN: It does not necessarily mean that one agrees with Mr. Johnson because one says this is a provincial responsibility, but the best way to finance it all is to have the grant-in-aid element in it. It does not necessarily uphold Mr. Johnson. It is simply saying, perhaps, just as consistently making the point I was trying to make earlier, that the Federal Government's financial powers for the good of the country may outline its needs for Canada. This makes ~~transfer~~ payments inadequate, which means you must consider for what provincial responsibility are transfer payments to be used.

MR. STEVENSON: Except it is not just a question of confining to a shared-cost programme policy. The Federal Government in addition want priority sittings, Treasury Board process at the provincial level, not the type of programme which the





provinces offer.

DEAN LEDERMAN: They do get into the business of setting standards in the provincial field, don't they, as conditions of the grants?

PROF. McIVOR: May not be a particularly logical inference on the part of the Federal Government though, that because Ontario would refuse to opt-out on these particular terms, that it is not interested in restoring its jurisdiction in areas of provincial responsibility. The problem may simply be: "We are interested but on appropriate terms. We want to know within what overall, broader financial context we are making this commitment".

DEAN LEDERMAN: The answer is block grants, is it not? Let us have fewer conditions but let us still have the grants.

THE CHAIRMAN: Let us have the money, yes.

PROF. FOX: How would conditions be maintained? Assuming all provinces, even for those provinces that took the seventeen additional points, would the Federal Government then be able to set any conditions for, say, administration of hospitals?

THE CHAIRMAN: They would be right on these things.

PROF. FOX: What are there now? Are there conditions attached to the grants?

THE CHAIRMAN: I am by no means an expert in this end of things but as I understand it the way



these arrangements work is that you have a joint audit, don't you? In other words, administratively they have a very large hand in seeing that the programme is conducted according to the joint standards and agreement.

DR. FORSEY: Sometimes not apparently very sticky about it.

PROF. FOX: What happens if Ontario took the seventeen points and then decided to cut back on its hospital programme and put two patients in every bed, or something, and used the additional revenue for education?

THE CHAIRMAN: The consequences would undoubtedly appear in the birth rate. I don't know.

PROF. FOX: I was wondering, seriously, whether this does not give Ontario more flexibility or whether there would be local conditions that Ontario would have more patients.

THE CHAIRMAN: This is what they argue.

PROF. FOX: Of "X" kind and therefore want to provide different facilities.

THE CHAIRMAN: This is what they argue.

PROF. FOX: The Federal Government?

THE CHAIRMAN: Yes. They say: "You would have hospitals; you would have complete control over the kinds of things you did with it and in it."

PROF. FOX: This moves in the direction



of the point I was making earlier. If we have, for instance, portable hospital benefits which we had by agreement, if you got run over in Saskatchewan you could be hospitalized.

THE CHAIRMAN: Yes.

PROF. FOX: But that is by agreement amongst provinces.

MR. STEVENSON: Mr. Chairman, I think this is one of the conditions of the original hospital plan, that portability be maintained.

PROF. CREIGHTON: That would be part of the Federal conditions.

MR. STEVENSON: At the outset.

PROF. McWHINNEY: I know in moving from Ontario to Quebec I wrote to both parties and I was told they were not portable and that one would have to come under the Quebec scheme.

THE CHAIRMAN: Well, you have to go into the scheme. I remember the Minister of Health talking about this once. There is a waiting period, and they have been trying to reduce the waiting period to make it more ---

PROF. McWHINNEY: Ontario, I think, gives three months carry-over beyond the ceasing of residence.

THE CHAIRMAN: And by the same token, requires three months coming in, I think.

PROF. McWHINNEY: But they are separate





schemes and what you might call vested rights do not carry over. In effect you join a new scheme from the beginning. That sort of thing is not technically difficult, however, to reach as a question of constitutional law. It would be perfectly possible to have a series of separate provincially-administered hospital schemes with the Federal Government limited, let us say, to providing for portability and inter-provincial recognition - the sort of thing that could not be done twenty or thirty years ago but now we know how to draft it.

PROF. CREIGHTON: Mr. Chairman, am I right in assuming that this Advisory Committee on the whole feel that the Federal offer should be rejected, on the ground that not a sufficiently conclusive case has been made out for accepting it?

THE CHAIRMAN: The seventeen point matter?

PROF. CREIGHTON: Yes.

PROF. FOX: I am not entirely sure, Donald. I would like to explore some of the implications. For instance, would the Federal Government give you any kind of guarantee that the seventeen percentage points additional abatement would amount to "X" millions of dollars?

PROF. McWHINNEY: They are asking you to take an awful lot for blind, and I think you can say: "I am sorry, this is not satisfactory". You are entitled to ask for statistics to show it is fair.



THE CHAIRMAN: We have lots of tables, as I say, and cost explanations and so on, but it is not certain.

PROF. FOX: A province like B.C., say, which has an influx of older citizens because they retire from Saskatchewan to Victoria, they might find if that rate were stepped up, its costs would be greater than they had calculated.

MR. STEVENSON: The Federal Government covers this point in what it calls a system of portability grants which would aid B.C. to a great extent and Ontario to a small extent as the province has a net in-migration from other provinces.

PROF. McIVOR: It is not contemplated in any of these abatement offers that if the standards of service which were subsequently supported by the Federal Government, those provinces which remained in, were to rise, that any sort of post-adjustment would be made to the provinces which opted out? There is nothing of that kind?

THE CHAIRMAN: No.

PROF. McIVOR: You take the deal and that is it.

PROF. CREIGHTON: Mr. Stevenson suggested a number of places in which the present arrangement of co-operation is of value.

PROF. SYMONS: Mr. Chairman, I wonder if there is not an intangible factor here that is hard



to catch, but one that I confess I feel more concerned about as the weeks go by; that is, is there perhaps a case for the provinces other than Quebec, unless there is a very good reason for making a change, keeping a common relationship with the Federal Government on taxing matters until we can see better over the next year what is going to happen with Quebec? Do not the intangibles suggest that just now when obviously something is in the balance in Quebec, it would be desirable for the other provinces of the country to have the identical relationships with the Federal Government?

DR. FORSEY: The Dominion Government's philosophical position on this reminds me of a rather curious episode a year or two ago at the time when the Canada Pension Plan business was up. A Conservative member of the Ontario Legislature asked to come and see me in Ottawa, and I have suspected sometimes that he was sounding out my opinion for somebody else. I don't know. However, he said: "What do you think of the idea that Ontario also should set up its own plan, simply to show that Quebec is not the only different province" just for the purpose therefore of saying: "Well, this is not a movement towards associate states"? Should we perhaps argue this as a matter of principle? I said: "No, I think it is a silly thing to do".

Apparently now if I am right in suspecting





that somebody more important than this particular member was contemplating this idea, apparently now the shoe is on the other foot.

MR. STEVENSON: I may say, Mr. Chairman, that was certainly a very seriously considered step, and almost for that reason.

DR. FORSEY: I do not think there is really very much in it.

THE CHAIRMAN: Tom, your thinking, I understand, is it might be wise to set this aside while we get on with the job of seeing where we are going to go.

PROF. SYMONS: Yes, with conditions in the last few months it is very hard to gauge, but as one tries to assess the significance of the election in Quebec in the Spring, that really there is very real doubt as to what the outcome is going to be; and I feel that anything that creates differences in the arrangements that are in the remaining nine provinces with the Dominion Government and in their status and perhaps indirectly their comparative positions with one another, should be avoided for a year or so.

THE CHAIRMAN: This is what the Federal people feel, and particularly the French-speaking Cabinet Ministers apparently.

PROF. SYMONS: They do.

THE CHAIRMAN: Very strongly, that there



should not be any decision.

PROF. McWHINNEY: Question (b) you would answer in favour of the shorter term agreement, even perhaps a one year. I honestly think one could live with a one year agreement on tax sharing.

Certainly, for example, when talking to a visiting Dean I had with me on the Australian experience, they seem to permit much more leeway than we do; there is more give-and-take, and it is possible to move in the direction of short-term adjustments.

I wonder about the five year period, because I know economists like to think in great long periods, Mr. Chairman, but do you really need five years?

THE CHAIRMAN: I think it is an arbitrary figure. I mean, there are some planning advantages, but the last five year agreement was amended radically along the road, and this would presumably happen always under changing conditions.

PROF. SYMONS: Mr. Chairman, perhaps I was not quite clear (I hoped I was) in my point. I was suggesting that the nine provinces other than Quebec should maintain for this year or so the same relationship in their tax arrangements with the Federal Government.

THE CHAIRMAN: I see. Then I misunderstood you.



PROF. SYMONS: The difference is there. During the next year or so we will see how that is going to go.

THE CHAIRMAN: I thought you were implying that we should start now from a position of treating people the same, for the federal reasons that they do not want to encourage a belief that Quebec is going to be treated differently and more and more differently.

PROF. SYMONS: I think it is a de facto situation. It is just really a question of ---

THE CHAIRMAN: What is de facto?

PROF. SYMONS: That Quebec's relationships with the Federal Government are already different in certain respects.

THE CHAIRMAN: Ottawa says "Yes" and they should be in that position, for Ottawa provides for the difference in language and culture; that these are the grounds on which it should exist, not favoured treatment within the Federal system.

PROF. SYMONS: I am wondering how much different in fundamentals the relationship of Quebec to Ottawa is going to become. I do not think this is something over which, when all is said and done, Ottawa may have the final word.

THE CHAIRMAN: They believe it will become as different as we permit it. Then we had better make it clear we are not going to permit it to become





very different.

PROF. SYMONS: I am in favour of Ottawa taking that attitude, but I am not sure the answer lies with Ottawa. I am afraid it has gone to such a point that the final powers of decision in such matter, as the result of the long period of feebleness in Ottawa, lies in Quebec City, not Ottawa.

THE CHAIRMAN: But they argue to me they believe it is a calculated risk and it is a worthy risk because they do not think the people of Quebec would accept secession.

PROF. SYMONS: Well, I think I see their argument, and I think they are right probably to take this calculated risk. My suggestion is that the other nine provinces should not get out of step with one another in their relationships with Ottawa during the next year or so, while we see the results of Ottawa's calculated risk.

PROF. McWHINNEY: The other hypothesis is though that a great deal of the political momentum of Quebec nationalism comes from a source of ordinary academic student nationalism and the like; and the sort of pressures the Chairman was outlining here are quite legitimate political pressures for a bigger share of the tax revenue and the like. It is possible that greater examination by other big provinces of the extent to which they need more tax revenue and re-adjustment of tax rate,



it is possible that an exploration with Quebec on the part of these other provinces would take some of the momentum out of secession-ism.

There is no doubt that Johnson has his eye very much on the tax and revenue issue. He needs more money. Mayor Drapeau says "We need more money for Montreal". It may well be that by not exploring these issues ourselves when we have a legitimate interest, we compel the choice of the extreme option among the Quebec bosses.

PROF. SYMONS: Mr. Chairman, I quite agree. I just think next week is not the time to make this exploration. I think we make this actively in this Committee and your Department and other Government offices during the next year or so, but next week would not be an appropriate time for Ontario to make the plans.

THE CHAIRMAN: One question the Prime Minister is asking is: When is the right time? How long do you wait? When do you take a firm stand?

PROF. SYMONS: During the course of the next year, if agreement can be reached for a year or for twenty-four months, there are two things. First of all, you can assess better what really is going to happen out of Quebec; secondly we should be doing our homework.

DR. FORSEY: This business of taking a firm stand, I think you have to use your head about it. I am all in favour of taking a firm stand on



certain things. If, for instance, the Prime Minister of Canada and the Premier of Quebec came and said: "We want amendment of the B.N.A. Act transferring banking and a great part of External Affairs to the Province of Quebec" and a series of other things, I would say "No." If that is what you want the only thing for you to do is to make arrangements to secede. You cannot do this and stay inside the Confederation. I am sorry, but you just cannot do it".

As I have said before, you cannot have dry water, boiling ice, sour sugar or stationary movement. If you ask for certain powers and they are the powers of a sovereign state, then you become a sovereign state. "Sorry to see you go, but if that is the way you feel, that is your business."

On the other hand, if you are dealing with matters where it is the constitutional property of the province, and the Province of Quebec alone among the provinces says: "We want to resume the full management of our constitutional property", I do not think this is a good place to be taking a firm stand. I have been consistent in this.

I was called at the time this Interim Arrangements Act was before the Parliament, by a prominent Conservative Senator. He said: "I know you are not a card-carrying member of the Conservative Party" at which I smiled; "but I would like to know





what you think about this thing". I said just what I said now, that I do not think this is a place to whip it up and say: "Thus far and no farther; that I think there is a perfectly solid, good reason for Quebec having this if it wants it". He said, "In other words, you would not split the party on it?" "No, I would not". "Well, I wouldn't either." "Thank you very much".

I think this is a very poor place to take a stand in favour of strong central government. There are dozens of places where you will have to take a stand if that is what you want, dozens of them, but this is a very poor place to take your stand. You are taking your stand with your back to a wall that is not there.

THE CHAIRMAN: What they are trying to do is take a stand in favour of the province. "You take this money and run your own programme in your own jurisdiction".

DR. FORSEY: As a means of asserting that they are not in an associate state.

THE CHAIRMAN: It means that they are not going to interfere with provincial jurisdiction, but let them run their own show, and they would like to run theirs in turn.

DR. FORSEY: But they want it all on the same basis of the Courts seeing they won't have any more of this police state hanky-panky.



THE CHAIRMAN: To be fair, I think they are saying: "You run your provincial affairs and we will run ours"; and in addition we are saying that in the process of tidying this business up, to govern these provincial fields we want to make it quite clear that we do not expect the provinces to ask for more than their own powers and right.

DR. FORSEY: That's all right, but what I thought I had heard was, "We want the rest of the provinces to get out of this so that there will be uniformity of treatment of all provinces, because otherwise you will have Quebec in a special position"; and then you are at the top of the slippery slope leading to associate states or separatism. I do not think we are on top of that slope necessarily, that is the point I make. If that is the kind of argument they are making, I do not think it is valid.

PROF. SYMONS: On the one point, Mr. Chairman, I thought the question you were raising in terms of the meeting next week was whether or not it would be wise for Ontario to make this arrangement with the Dominion Government. You have indicated to us that the eight other provinces aside from Quebec are not going to make the arrangement. I just wonder, for this period of the next year or so, if it would not be as well for Ontario to stay in the same position vis-a-vis Ottawa as the other



eight provinces apart from Quebec?

MR. STEVENSON: Mr. Chairman, there is one other hypothetical situation here, and this is that the Federal Government so strongly wants the English-speaking provinces to opt-out of these programmes that it, through its officials, has said that it might consider sweetening the offer so that the province would definitely get more than equivalent costs.

PROF. FOX: Now we are talking business.

PROF. SYMONS: Surely. If they did that and if it appeals to the province fine; but if it is a question of Ontario, alone of the nine provinces other than Quebec, making this change, I would just feel that now is not the right time to do it.

PROF. FOX: There are a couple of points here. Are there hidden costs in administration? Would seventeen points really cover this?

THE CHAIRMAN: No, there is no problem.

PROF. FOX: It is this matter of, if you get paid earlier in one scheme than another; if you had some hundreds of millions of dollars transferred earlier in the calendar year, you would get interest on X hundreds of millions for six months.

MR. STEVENSON: Mr. Chairman, I do not think the question is one of finance on the decision right now. I think we can assume that whether the Federal Government sweetens it or not, the provinces





would not lose by taking over. In addition they would have untied money which would allow them perhaps to re-arrange priorities a little within these programmes, so that they might get somewhat more benefit for a dollar spent, although they cannot change the basic price of the Hospital Insurance programme very easily.

PROF. FOX: I would bargain for nineteen and settle for eighteen, and then having the flexibility of using the amount as you see fit. Perhaps you might want a special programme in mental health or what-have-you, in the Province of Ontario, and you have more flexibility. If you tie it to a short period, as we all seem to be urging, I think it is almost a worthless provision, at least it has to be, if it is for a year or two years.

PROF. McIVOR: On the other hand, this Committee is already on record by resolution as favoring some sort of interim financial arrangements while the whole business can be reviewed in proper fashion.

It seems to me it would be entirely consistent with the position we have taken, that we not introduce any substantial changes in the form of opting-out on this particular programme during the period that the whole programme is being reviewed in the proper fashion, and this position is supported by what other considerations that Tom



has been suggesting, and I think it would be quite sensible to say we are staying right where we are until the whole thing can be reviewed more comprehensively.

DEAN LEDERMAN: I agree with that too.

DR. FORSEY: It seems to me nearly everybody has been in favour of holding the Ontario Government's hand on this thing, not making a decision now.

There have been different reasons given for it, but very few of them seem to have shown much enthusiasm for saying "yes".

DEAN LEDERMAN: Does the Federal Government make any promises about the upper rate? What is the saturation of income tax rates? We are talking about the two authorities not occupying more than 60 per cent or something like this? How many points are we talking about?

PROF. McIVOR: They generally think they should half of this field; they think 50 per cent, in their view, is what they need for effective fiscal control.

But, you see, one of the objections to doing this, going for the opting-out as far as the Province of Ontario is concerned, is that we are just dealing in piecemeal bits and even without having any clear position at all as to how the other fits into the eventual overall solution.



PROF. McWHINNEY: Why don't we? I am thinking in terms of where one does have this complete picture. Each of the discussing parties comes on with alternative options; each of them has carefully researched in terms of costs and losses and so on. Why is it not done? Does the Dominion not do it? Do we not do it?

PROF. McIVOR: I am not the one to answer that question, but as these conferences have gone in the past, the Dominion simply comes with a "take it or leave it" proposition.

PROF. McWHINNEY: Why don't they ask that?

PROF. McIVOR: I don't know.

PROF. McWHINNEY: Maybe somebody can answer that.

THE CHAIRMAN: Because it has not followed a rational process.

PROF. McWHINNEY: Why don't you say: "Let us make it rational"?

THE CHAIRMAN: We have, with some vigour.

DEAN LEDERMAN: That is our Mr. Robarts' submission last time.

THE CHAIRMAN: I thought one thing, if anything, his submission to the last meeting did monumentally well, was a plea of rational approach.

PROF. McWHINNEY: I think you are entitled to expect it as the minimum condition of your coming and talking on this. After all, it is the Federal





Government's obligation to put forward carefully researched and documented claims in respect of the positions.

PROF. McIVOR: So they do, and then they say "take it or leave it".

THE CHAIRMAN: That is right.

PROF. McWHINNEY: We are not challenging them, though, on the evidence. You say they need 50 per cent for fiscal control of income tax, but not apparently for revenue purposes.

THE CHAIRMAN: This is a very good example - we had a staff paper which we circulated widely to authorities. We can make it available.

MR. STEVENSON: The fiscal and economic sub-committee have it.

THE CHAIRMAN: We put forward certain arguments why you can have fiscal management and the other things for less than 50 per cent. The Federal Government have said: "For financial wisdom, we think it cannot go below fifty," but there have been no arguments brought in favour of it in terms of paper or position, so it is very difficult to argue on that ground.

DEAN LEDERMAN: My question may sound naive to the economist, but fifty per cent of what? Is there a promise about holding the line on the ceiling from the Federal Government?

MR. STEVENSON: No.



DEAN LEDERMAN: They could raise these rates up after this agreement and thin out the whole field.

THE CHAIRMAN: You can get the whole corporation tax. We haven't even talked about that, talking about fiscal management.

DR. FORSEY: What you thought you were asking about was different from the answer you got. I thought you were asked: Suppose the rate on income of \$100,000 were to pass a certain point, has anybody said how high you can take it without snuffing out the taxpayer? I thought that was your point.

DEAN LEDERMAN: That is really what I am getting at.

DR. FORSEY: Suppose you are taxed on \$100,000 and the two authorities together shoot it up to 85 per cent. Is that possible?

THE CHAIRMAN: Or .110.

DR. FORSEY: Has anybody considered that, the point at which you have to stop: Otherwise they will clear out to the Bahamas or somewhere?

DEAN LEDERMAN: Has the Federal Government given you any promise about when to hand over the seventeen points, what are you doing if there is no promise about the ceiling?

THE CHAIRMAN: This is why all Premiers said at the last meeting - and the word they used was



tax aliquot - that this is irresponsible because you are inviting all governments to compete and there is no possibility of considering what is a reasonable aggregate burden of taxation on the private sector, individuals, corporations and all the rest.

DEAN LEDERMAN: Because, if there is one thing that is clear constitutionally, it is that the poor taxpayer has to keep fighting every tax authority that can get at him.

THE CHAIRMAN: That is right.

PROF. McWHINNEY: Even those you cannot get out of him.

PROF. FOX: When would this come into effect, April 1st, 1967?

THE CHAIRMAN: Yes, so if you are planning to leave the country, you have a few months.

DR. FORSEY: Mr. Seguin and I were just discussing this point.

PROF. FOX: But say you make a one year agreement, you probably would not lose on it.

PROF. McWHINNEY: If you make a one year agreement, I think you should be prepared to say and it is the Premier's right to say this - that frankly the staff work done by the Dominion is sloppy and unsatisfactory and leaves things unanswered. I think this should be said. It shakes me to hear the untidyness of presentation.





THE CHAIRMAN: I am still looking for the paper that offers the argument in favour of what the Federal position is on that point, and I thought Craig McIvor was going to do work on this under the experience of fiscal policy and so on but Harvey tells me no.

PROF. McIVOR: On which point, 50 per cent?

THE CHAIRMAN: How much income tax to retain for manageable fiscal policy.

DEAN LEDERMAN: One thing strikes me, that apparently if you do not opt-out, you get the equivalent of seventeen points from the Federal Government, and they have to segregate it and they have to compose rates; they are responsible for what the seventeen points mean and you are not stuck with what the seventeen points mean. But if you opt-out, you are stuck with the present meaning of those seventeen points or anything they do to change the ceiling afterwards.

MR. STEVENSON: This, Mr. Chairman, I think brings forward a specific problem too, that when Quebec opted-out of the various programmes it opted-out of two or three years ago, the Quebec tax rate and budget went away up, and some pundits have believed this is one of the reasons for the Quebec Government falling. Much the same would happen if other provinces took over the seventeen points.



THE CHAIRMAN: But, you know, when it all comes right down to it, when the time period of this agreement runs out no doubt this is what they are going to do. In 1971 they are going to say: "Here are some tax points. Bye-bye" but they might not be tax points; they may be gas, liquor revenue, or something.

To that extent the question is a little academic. We are not going to talk about what is eventually going to happen.

DR. FORSEY: Does it not amount to this, that nobody has produced any strong argument for accepting this proposition?

PROF. McIVOR: I think that is so.

DR. FORSEY: And quite a number of positive arguments for jibbing at it.

I  
THE CHAIRMAN: Eugene, I think that sums up the thing very well. At the last meeting you were in a state of some anxiety, I thought, about Mr. Johnson's statement and its intention and where it was going to lead us. Are you still as exercised about it?

DR. FORSEY: If anything, more so.

THE CHAIRMAN: Given that, and given the fact tht our intelligence tells us that Mr. Johnson is ~~nott~~just softening or putting up a bargaining front, that he is absolutely certain where he wants to take Quebec - and he has six Separatists in the Cabinet



pushing him in that direction, and he hopes to set up a series of referendums in Quebec which will determine popular support for his position: if you were the Prime Minister of Ontario, what do you think should be said at this juncture in the fact of those circumstances?

DR. FORSEY: Well, I wouldn't buy it.

THE CHAIRMAN: In a sense, this is the point we were at, as we see it: is it the time to say anything, is it the time to ride it out? Is it the time to say certain general principles about what we believe, where we have to draw the line in the country, or what?

DR. FORSEY: To some extent my answer on some of these points would be found in that document which I submitted. Briefly what it amounts to is this, that I think that if enough, that if the demand is made for the transfer of enough important fields of jurisdiction to the Province of Quebec combined with insistence upon retaining the full Quebec representation in the central government and Parliament; it seems to me the answer of the rest of the country has to be: "Well, it just won't work. This is heads you win; tails I lose."

If the proposition is straight associate state, two sovereign states with certain common organisms, then I think the answer to that is: "Well, we do not see what there is in it for us. If





that is what you want you may as well go the whole hog and have a completely separate states with treaty relations between them." In my judgment it would probably be a lamentable end to the situation but it would probably be more tolerable than the other thing.

MR. MAGONE: I would not think Ontario should take a position without knowing what the other provinces are going to do.

THE CHAIRMAN: Cliff, this comes back to the same point. Do we want a watching brief in Prince Edward Island? Who is going to say what P.E.I. or the other provinces are going to do? We know what they are going to do; they are not going to say very much.

MR. MAGONE: I would assume that Ontario might very well take the initiative in calling a meeting of the other provinces because it is an extremely important matter for Canada and for Confederation and for Ontario too and the other provinces.

PROF. McWHINNEY: Could we indicate in principle that we feel the province must have more sources of tax revenue in the future; that we think question (a) should be studied further in the light of more comprehensive proposals which we would like the Federal Government to make?

This is the same position as Tom (except with the different premise) raised for the one year



agreement. It is clearly not getting enough economic evidence from the Federal Government in this direction, and we need this to make an intelligent decision, and I know that you cannot make these basic reactions to particular proposals as to particular responsibilities without having some overall picture; and ask the Federal Government to discuss these fundamentals within the next year, and in the meantime agree on the one year tax agreement only.

PROF. BRADY: I think the Chairman is asking a further question though. Should Ontario have something to say about the preservation of the Federal system in the face of what seems to be action by Quebec which could be erosive of this system?

I think Ontario should have something to say. It believes in -- and indeed its brief to the Tax Structure Committee indicates the fact that it believes substantially in the existing Federal system; and it should emphasize that point and illustrate the advantages of that Federal system for the country as a whole.

It should present argument, in other words, that people in Quebec read and possibly be influenced by. We should take a positive position on the Federal system and make it as explicit as it is possible to do with this type of argument under



the present circumstances.

DEAN LEDERMAN: I would agree with that. If the grand confrontation is brought on by Mr. Johnson quickly, Ontario understands that the Federal Government does not have a reasonable, sensible Federal system.

There is no province in the country that has a greater stake in a viable nation from coast to coast than has Ontario. In this sense the province's interest is the national interest.

MR. MAGONE: Same as Quebec.

PROF. McWHINNEY: The grand confrontation is not going to come next week. Mr. Johnson is waiting on the Estates General and on the various other things. Actually you are going to take a position on some more low level type of thing.

DEAN LEDERMAN: But the Chairman was asking: what if it does come next week?

PROF. CREIGHTON: Mr. Johnson has asked for 100 per cent.

THE CHAIRMAN: Ottawa considers that that is asking the question. You can't go beyond a hundred.

PROF. CREIGHTON: I hope the Province of Ontario will take a strong stand about that. What I am worried about is, Mr. Robarts' insistence is not a limit which should be observed in this matter, because once you get beyond this limit and no other





limit has been set, where do you end? You cannot very well end close or near to Mr. Johnson's 100 per cent.

DR. FORSEY: There is the point that I think some of the Quebec members and Ministers at Ottawa (if I am well informed on this matter) have had in mind; that if you adopt even this 100 per cent scheme, you are more apt to have the Quebec citizen feeling he is a simple citizen of Quebec and he has no direct relationship whatever with the Dominion Government, and that this will cut the ground from under their feet electorally speaking.

THE CHAIRMAN: I don't know if anyone saw Mr. Johnson on television last night, when this question was raised. I think the sense was that the members in Quebec City were more representative of the people in Quebec than their members in Ottawa.

MR. STEVENSON: Mr. Johnson was very clear that if Messrs. Sauve, Marchand, Pepin and the other Quebec members want to campaign in the next election on a platform of the existing federalism, they will all be swept out. "Let them try".

PROF. BRADY: But that does not affect, govern our attitude.

MR. STEVENSON: No, no.

PROF. BRADY: And views, and we should be positive in stating our views. We might conceivably strengthen the hand of the members in



Quebec and Ottawa, I am not sure, but in any case we should present a position so that we do not lose the argument by default.

DR. FORSEY: Yes.

THE CHAIRMAN: By silence inferring indifference to the thing, is the one worry we have.

PROF. FOX: I think there is also a danger that we become more catholic than the public. In other words, we become more interested in advancing federalism than the Federal Government. I am not sure that this in the long run is the most valuable line to take.

I think we should be prepared to accept the fact that there may be a new form of federalism that we want to arrive at. This would be covered by a shorter than five year financial agreement and give us time to test things and assess them; but that we should not get into the position into which I think some people in Quebec would like to put us, that is the defender of the status quo always. We are accused of that now, and I think that Ontario is more broad-minded than that, and it has presented a face that it is prepared to listen to factors that emerge from the changing situation, as nothing remains static.

I think there is a real danger that we become sort of plural orthodoxy and maybe actually



affect the outcome adversely, when in effect we are bearing the risks that the Federal Government ought to bear politically and otherwise. I see Canada's interest in confederation, we all do, but it can have two different facets, I think. I may be more interested in the progressive, dynamic development of the country and federalism that goes with it, or in maintaining the status quo. This is really my only concern, and I am not in a minority of one. I quote a reference to this about 17th of October that in effect, viewed from say Quebec's point of view - and we do not have to look at it from that point of view - but anyhow this is one way of looking at it - they are saying "No, no change"; they were afraid of something and were not even prepared to just see that for a year they could not lose in Quebec on the basis of what the prospects financially look like for 1967. So that there is a danger in that attitude, I think.

DR. FORSEY: Something depends on whether you can count on the Government of Canada to take a firm stand. You may find, on past performance of these people, that when it comes to the staking point their courage fails them.

The rest of the country does not want to find that merely because Pearson has a backbone made of jelly, or merely because Pearson follows the wrong track and target, the whole ground for





confederation goes by default.

It may be necessary for Ontario to step in and fill the vacuum and say: "We are convinced, speaking for the largest province in the country outside Quebec, we are convinced that the people of the rest of the country are not prepared to see confederation go down the drain; and if the Government of this country is not prepared to say so, we are".

PROF. FOX: I think they are more active defending federalism now than in the last six months.

DR. FORSEY: You cannot tell. You have to be prepared for the possibility that Pearson will get another attack of cold feet.

PROF. McWHINNEY: Our problem is we have really made a virtue (and it has been very commendable) of not talking in abstract ideological terms. We have discussed specific problems, and when you come to this problem of what is fundamental for federalism, you have to be concrete.

I gather from the meeting here there is not really any disposition at the moment to take a decision on some issue. We feel we ought to have more information. Maybe the question of whether 17 per cent or 18 per cent, this is just a concrete answer to a concrete problem. At the moment I gather we have not ourselves done quite enough work



to say what is vital and what is not vital, but let Mr. Johnson break down the connotation by being absolutistic himself, which I think is rather unlikely.

Under present conditions, it really amounts to our taking positions on specific concrete problems and a series of them.

DR. FORSEY: But I think the Chairman was requesting something else, and I think he was raising another question and saying: "Look, suppose we are faced with an absolute disposition on Johnson's part; and just suppose people have to stand up and be counted. Just suppose that the Dominion Government takes a strong stand on this thing. Do we sit there and shuffle our feet, or what do we say?"

PROF. McWHINNEY: On what though, the hundred per cent?

DR. FORSEY: The general question I think the Chairman was raising on our position on Confederation generally.

PROF. CREIGHTON: By Johnson in this speech of his?

DR. FORSEY: He might challenge it next week in a fresh step.

PROF. CREIGHTON: Not his challenge by the existing submission, you don't think that is a real challenge? I would think it was.



DR. FORSEY: I thought it was a declaration of war on Canada.

PROF. CREIGHTON: I was surprised about thinking he wanted something more.

DR. FORSEY: I say, if it comes up again, and perhaps in more extreme form, as it might well do.

PROF. BRADY: Mr. Chairman, I sympathize with Paul's remarks that we should not merely be defending the status quo. When I say we should be defending the federal system, I had in mind many things that I think the federal system we have had reflects; namely a certain flexibility, a readiness to adjust to circumstances.

Now I think we should perhaps be explicit about this, and we should be explicit about certain things; we should certainly be explicit about some of the aspirations of Quebec.

Quebec is sour, so to speak, on the federal system because it thinks that its nationality is not adequately recognized or expressed in that system, and I have certain sympathy with some of their arguments in that matter.

We can, without destroying, I think, the federal system, make some adjustments in it that might go some way at any rate to satisfy the nationalist aspirations (national in the sense of cultural nationalists) aspirations of the French





Canadian.

I think we, or Ontario at least, should reflect that it is sympathetic to dealing with these matters. It seems to me, if it does not, as it were, suggest that, if it only defends the status quo and takes a rigid position about what has existed, it is certainly not going to appease Quebec or satisfy Quebec, and it is not going to do what I think a positive statement should do - help, in other words, to hold together the federation.

One cannot say on the spur of the moment what should go into Ontario's position, and I think Ontario ought to be thinking about the kind of position that it is prepared to defend, and on what grounds it will defend the Federal system.

I think one of the things it should emphasize is that the Federal system lends itself to some change and certain changes should be made.

DR. FORSEY: I would agree with much of what Alec has said. I am not quite sure whether I would agree on all specific points, but I was not suggesting we should appear there as stand-paters.

I do not think that is sensible, but I think one thing that can be borne in mind is that the government of Quebec is not synonymous with French Canada. There are about a million French Canadians or French-speaking Canadians outside of



Quebec that had no more to do with electing Mr. Johnson than I did. They have now and could have a much larger interest in a Federal system which would be very seriously compromised either by in-and-outism or by an associate state or, of course, by Separatism.

I think one thing we have to remember which is a very important fact, that there are a dickens of a lot of French-Canadians outside Quebec, and Mr. Johnson has no constitutional right to speak for them. Perhaps he does, and perhaps they would all back him, but I doubt it.

So he is not in a position simply to get up and say every French Canadian in Canada is behind him on this.

PROF. McIVOR: Mr. Chairman, with reference to item 4 on the agenda, I would think that the position which we are already on record as supporting, that we would like to see an interim financial agreement effected, during which the whole problem of the possible re-allocation of revenues, sources of revenue responsibilities, could be investigated, can scarcely be interpreted as defending the status quo.

I think it would be entirely logical that in supporting this interim agreement for complete re-examination of the problem, that we declined to undertake any piecemeal adaptation such as entering



into an opting-out provision that is being held in front of us.

Furthermore, if Quebec is to present and argue again the hundred per cent direct tax claim then, as Eugene says, this amounts to a declaration of war.

I think that the Ontario delegation should be clearly prepared to state this position on a claim of this kind. In other words, we think that this is an untenable proposition.

However, as Dr. Creighton says, the Ontario Government has just recently abandoned the 50 per cent of direct personal income tax limitation which we, as a sub-committee set forth; so this seems to suggest that in launching an opposition to Mr. Johnson it must be prepared to say that there is a limit somewhere beyond which this sort of abatement cannot go on.

PROF. CREIGHTON: I take it you have not abandoned your belief that 50 per cent is the limit, or have you?

PROF. McIVOR: Actually at no time were we literally attached to 50 per cent, no, but I think we still have this general ---

DEAN LEDERMAN: You mean, in that area; not literally on that point but close to it.

PROF. McIVOR: Yes.

MR. STEVENSON: Mr. Chairman, do I take





it from Professor McIvor that he would like to see Ontario say positively that it is prepared to discuss the gamut of constitutional questions over the course of the next year or so?

PROF. McWHINNEY: Constitutional tax question.

MR. STEVENSON: I am thinking more than the constitutional tax question - the whole question of division of responsibility, that the future course of federalism during the course of an interim grant ---

PROF. McIVOR: Yes, I related this to the fiscal programme, to include the desirability to support the possible re-allocation of functions as well as the re-allocation of tax resources.

PROF. McWHINNEY: I think it would be better to put it on the narrow basis that it is the re-allocation of functions in relation to the tax revenue field.

DEAN LEDERMAN: If you get into the question of re-allocation of function, you are going to be into it one hundred per cent; you will not be able to confine it.

THE CHAIRMAN: Time is getting along and I think perhaps we have tapped the mainsprings of the feeling on this.

Can we turn to the question of education? There are a number of subtleties to this one, which all of you, many of you or most of you, I suppose,



have strong feelings about.

I think the questions (a) to (f) sum up the principal points pretty well.

MR. STEVENSON: Not the technical vocational training at the top.

THE CHAIRMAN: No, that is true. I thought we might just work through this and get some opinions or discussion of them.

"Should the Federal Government make  
"financial assistance available  
"directly to the universities or  
"should funds be channelled through  
"the provincial governments?"

From the university point of view it is better to divide the money; from the Provincial Treasury point of view, it is better to have an allocating authority over the universities that come within your jurisdiction.

DR. FORSEY: I should think that the chances of making financial assistance available direct to the universities is pretty small - unless somebody is prepared to open up the very large question of what exactly "in and for the province" means -- "education in and for the province". Is a university "education in and for the province"? If it is not, can you argue that it is not under the exclusive jurisdiction of the province? I do not think it is a very impressive argument, but you



might make something of this.

DEAN LEDERMAN: Are these the same questions? The Federal Treasury have been making payments for provincial purposes. I mean, I do not think the scope of purposes for which Federal payments may be made is limited to the scope of federal jurisdiction.

DR. FORSEY: No, I was thinking about the political end of it. Direct assistance to the universities should be reg rag to a bull to people in Quebec.

PROF. CREIGHTON: They get that assistance right now.

DR. FORSEY: They do it by tax abatement.

DEAN LEDERMAN: No, no.

DR. FORSEY: Directly to the university?

MR. SEGUIN: It is a cheque we get.

DEAN LEDERMAN: In all nine provinces except Quebec.

DR. FORSEY: Not in Quebec.

PROF. CREIGHTON: No, in the other nine provinces.

MR. SEGUIN: In our case it is given to them.

DR. FORSEY: But in Quebec I thought it went through the province.

MR. SEGUIN: No.

DEAN DILLON: There is a practical matter





here. From our recent experience, it seems to me the extent to which the provincial government in Ontario has involved itself in the day-to-day financing of provincial universities is such that these federal grants, even though they may come directly to the university, are very, very much a part of the university financial structure. These are taken into account, so really it is just an item in the budget; so ~~that~~ from a practical point of view I don't think it matters any more, certainly in Ontario.

MR. SEGUIN: It does not matter how it comes but whether it is taken into consideration.

DEAN DILLON: It certainly is.

PROF. SYMONS: I think that is correct, Mr. Chairman. This really has not met an immediate practical situation, because the Province adjusts this grant in the light of whatever the Federal contribution is for each institution; but I think the theory is important, and I think there might arise situations in which it would be important that the principle is one of direct cheque to the individual institution.

So that I think there are distinct advantages in the present arrangement which, while the Province adjusts its grant in the light of what the Dominion is going to do, payment is given directly to the institution. Some day under some circumstances



it might be important, but that is the way it works.

PROF. CREIGHTON: Will you refresh my memory as to how this grant is calculated?

PROF. FOX: Per capita payment per student, is it not?

THE CHAIRMAN: Three dollars.

MR. STEVENSON: Per population in the province.

PROF. CREIGHTON: Yes, that is the point.

DEAN LEDERMAN: And the provincial portion comes per capita per student within the province.

MR. STEVENSON: That is right.

MR. SEGUIN: Five dollars now; three dollars last year.

MR. STEVENSON: There is one point that does differentiate the Federal from the provincial payments, and that is that the Federal payments going through the Association of Universities and Colleges, go to all institutions at the university level, whether they be public bodies or religiously-supported institutions.

The provincial policy has been not to give direct grants to religious institutions in universities; so that therefore the province feels that its policy may be undermined by direct federal grants, particularly if the federal grants increase substantially in size.

MR. SEGUIN: In other words, if there was a federal grant for a religious institution, the



Province would keep it if they got it; they would not pay it to them.

MR. STEVENSON: The Province does not have any grant to religious institutions and still would not.

MR. SEGUIN: I know that, but you mean the Federal Government would like to get their hands now on it, on the money, and then make the distribution of it?

MR. STEVENSON: On its own terms.

MR. SEGUIN: But then they would not give any to the religious ---

MR. STEVENSON: Probably.

MR. SEGUIN: Do you think the Federal Government would still make the same grant if they knew it was not going?

MR. FARRELL: The federal grant is made on a per population basis, not a per student basis.

DEAN LEDERMAN: Take the case of the Waterloo Lutheran University in this province - no provincial grant but they do get the federal.

MR. SEGUIN: They get the federal.

DEAN LEDERMAN: This would make a very great difference to them.

MR. SEGUIN: Yes.

DEAN DILLON: There is another factor too that possibly was an argument that was put to the Bladen Commission; and that is, if these grants were





tampered with or changed, it could well be that the several institutions in the Province which depend on this revenue to exist, might be in a bad way, and if that/this were the case the Provincial Government might find themselves with a responsibility on their hands that they could not very well turn down.

MR. SEGUIN: The University of Ottawa with eight million dollars in the hole until it became known, had nobody to help it.

DEAN DILLON: I think you missed my point. If, for instance, Knox College in London were part of the affiliates with the University, if in some way this grant were not made available, there is a part of the University of Western Ontario which would be in a very difficult position and there would be a great deal of pressure then to apply provincial grants to get them out of the hole.

THE CHAIRMAN: Bail them out.

DEAN DILLON: Yes.

MR. SEGUIN: If it became known.

DEAN DILLON: The provincial people can take these points now, because these people do have enough money to get along.

MR. SEGUIN: Oh, yes.

PROF. FOX: And take from such institutions as National Research Council or something of that sort. Is there any justification, constitutionally speaking, for the Federal Government having a role in



education? We know it depends on how you interpret 93, but it seems to me that constitutional literalists in our midst ought to be in favour of provincial control of education.

PROF. CREIGHTON: Mr. Dillon made a very strong plea the other day for federal intervention, particularly in the high -- I wish you would go over that again.

DEAN DILLON: I was not looking at it from the constitutional point of view.

PROF. CREIGHTON: No, from the practical point of view, just what we ought to be concerned with.

DEAN DILLON: I do not think I can add anything more than I said then, except perhaps to re-state that the cost of university education particularly is rising at a rate that I do not think can continue, and we simply are faced with the position of getting the very most out of the resources we have; and if we compartmentalize them into ten packages, it is going to be less likely we can do as good a job. I think we can always achieve some kind of standards, but what we want, I think, is at least some centres of excellence - excellence being judged in the very broadest base, internationally.

PROF. BRADY: On the other hand, is it not true that provinces are also interested in excellence in education, and in the past, that is



5 prior to the last war, universities were dependant upon provincial money?

What is the attitude of the Province of Ontario on this matter? Does it find an embarrassment, for example, in not having a full allocative power over the funds for higher education?

THE CHAIRMAN: In Ontario we would prefer to distribute public funds among universities on the basis of our own assessments and criteria, rather than have part of such assistance indirectly to our universities on the basis of a national formulae.

DEAN DILLON: Would this include purposes of research?

THE CHAIRMAN: No, this is operating grants. We felt that research is a different character in many ways, and that we agree that the direct Federal relation which has been established with the universities should be maintained, provided a high degree of co-ordination and integration of activities between the two levels of government is assured on a continuing basis.

I think, however, the direction that the Federal Government is moving in seems to suggest that financing is going to come to the provinces directly rather than to universities for operating purposes.





That takes us to our second question: should it be in the form of shared-cost programmes, unconditional cash grant, or through transfer of taxing power, several percentage points of the income tax?

This again takes us back in a sense into our discussion we had about separation of provincial and federal activities.

PROF. FOX: I would be consistent with what I had argued earlier on and say I think it ought to be through transfer of taxing power; that this is an area in which the provinces have a constitutional position, and that they should not sell it out simply for a cash payment from the Federal Government.

I think that also offers a certain degree of flexibility, difference of approach, adaptation to regional interests.

I can see virtues in that. It may well be that the Maritime provinces would want to devote more to certain aspects of academic work involving their peculiar interests; the West might be more interested in agricultural colleges and this type of thing.

I think there is a value in preserving flexibility and differentiation in a country the size of Canada. Uniformity is not necessarily always good, though I appreciate Dean Dillon's point that



you might differentiate the types of aid you have in mind. You might reinforce the National Research Council and science studies and things of that sort by an extension of the type of thing that is done now, but still basically recognize the proper jurisdiction of the provinces in all levels of education, as perhaps differentiated from research. That might be the criteria.

DEAN DILLON: But the Spinks Report is about to come out. I do not know whether it is published yet. I understand that one of the probable recommendations is that the Government get into the business of supporting research in quite a massive way.

THE CHAIRMAN: Ontario government?

DEAN DILLON: Right.

THE CHAIRMAN: Then we are back to the old question: where do we get the resources?

PROF. SYMONS: The trouble is, Mr. Chairman, a question with some immediacy to it.

PROF. BRADY: Are you suggesting that this necessitates something other than a transfer of taxing power, that cash grants are appropriate?

PROF. SYMONS: Well, the process of reaching agreement and understanding about jurisdiction related to taxing powers I think for some time -- particularly in the present climate and the universities and other post-secondary educational institutions, have to somehow survive the next twelve



or twenty-four months. Because of the constitutional uncertainties to some extent, and to some extent because they have been used as a reason for delay and avoidance of decision, a vital year has been lost acting on some of the principal recommendations in the Bladen Commission.

It will be an appalling situation and great harm resulting, if we lose another year or two years, because people say we must wait to get the whole thing sorted out.

With all respect to the universities, I wonder if they even are the most important part of this question. There is the involvement of the Dominion Government in technical and vocational education, and perhaps in some aspects the new related deal to colleges of Applied Arts and Technology.

I do not know whether you can act, Mr. Chairman. I have heard some suggestion about the Federal Government exploring the possibility of pulling out of the field.

THE CHAIRMAN: They want to dump it.

PROF. SYMONS: This technical & vocational education, the significance of this is simply overwhelming.

THE CHAIRMAN: I might as well come clean here in all of this, because it is a much messier thing than we realized even ten days ago.





They would like to pull out of vocational and technical - I am using words that are unfair. They would like not to renew the agreement when it expires at April 1 next.

Then they also have a scheme which we understand will be presented to us on Monday, which draws a distinction between what is known as education, what is known as training; that the Federal Government will be responsible for adult education and manpower training, and the provinces for education - a distinction which the Minister of Education is having some difficulty unravelling. So this is another dimension that has crept in.

PROF. SYMONS: This is as big a question really as the question of universities, I think, and almost more fundamental. I doubt very much that you can split them here. Manpower and training and vocational education are just for the most part two sides of the same coin, I think.

DEAN DILLON: Can you tell us, Mr. Chairman, roughly what the planned expenditure on these 18 or 20 colleges is? I understand it is an absolutely staggering figure.

THE CHAIRMAN: Yes. You see, the extraordinary thing is the genesis within a short period of time of all these things, the need for vastly increased operating grants.

Jack McCarthy, the Deputy Minister of



University Affairs, tells me that more will need to be expended in capital construction in Ontario universities in the next five years than has been spent in the last hundred years - massive needs for it in research.

Then, as you say, the judgment that with community colleges and vocational and technical training, just within a few years, a complete new dimension added.

As far as the figure is concerned ---

MR. STEVENSON: I am sorry, I don't know.

THE CHAIRMAN: I don't recall, but it is big.

DEAN DILLON: I don't know this exactly, but we are talking about a figure which is of equal order of magnitude to the United States, I think.

THE CHAIRMAN: You see, when we got into this discussion last month in Ottawa, not just the universities, not just the vocational and community college training and so on, but I think Mr. Robarts said in the meeting that indeed every year 7,200 additional youngsters present themselves at the door to have a place in a school. So there is that too, that very great swelling of demand there, and this is the big need.

PROF. CREIGHTON: In a few years that last number will start to decline.

THE CHAIRMAN: I suppose it will.



PROF. CREIGHTON: As the result of the falling birth rate.

THE CHAIRMAN: This is at least short run.

PROF. SYMONS: In the short run, Mr. Chairman, is there really any alternative but shared-cost programmes between the provinces and the Dominion in regard to both capital and operating for higher education?

In the long run, in a close long run, the matter of the end of, say, a two year interval, it might be worth while, particularly in the light of what may happen in Quebec, to explore the possibility of a new understanding and a re-arrangement of the jurisdictions, taxing power to relate to the jurisdictions. In the short run I shouldn't say there is any alternative to seeking a shared-cost programme between the Dominion and the provinces.

DEAN LEDERMAN: The magnitude of what is required seems to dictate this, does it not?

THE CHAIRMAN: We are trying to evolve some principles in this which I think are in a way perhaps a little inconsistent, and there is an honest purpose to this.

We have talked about a general need for matching of revenues with expenditures, but we have said there are other areas in which it is not just a financial matter.

In university construction, for example, you





example, you need a crash programme of a massive kind. In this business of post-secondary education, generally, vocational training and so on, you have an area in which you have a high rate of change in the character and content and requirements of the programme.

Then we felt that above all you have an over-riding sense in which this is very much a national requirement too, with direct relationship to the economic growth of the country.

Therefore, although overall we see the need for allocation of tax points and taxing powers of the provinces, we feel that in these two areas, for that prime reason and the highly technical and changing character, for that reason in addition, that there is some justification for going at this together in a shared-cost approach and a joint strategy, a joint attack in other words, on a massive problem, almost setting this apart from the other issues of federalism. That is the kind of position we are involving.

PROF. FOX: Where is the Federal Government going to get the revenue?

THE CHAIRMAN: Mr. Sharp is asked the question. You see, what they keep saying is -- we say to them: "There is your tax structure and figures which speak for themselves". They say: "Yes, but what you have to tell us now is how to



persuade our politicians to raise taxes for this purpose to make money payable to you, and what reasons will you give us to do that?"

You see, Mr. Sharp in Montreal the other day made a very unusual kind of statement. He gave a speech in which he said the public sector is going to need a larger share of the pie, and therefore the private sector had better curtail itself so that the public sector, the government spending, can expand. This was a speech given to the National Industrial Conference, and it had some interesting reaction, as you can imagine. I don't know whether there are any other feelings on that one, but, as I say, this is just another little bit of frosting on the cake.

PROF. SYMONS: Mr. Chairman, is it fair to ask if the province has evolved its position on this question of the Dominion withdrawing from technical and vocational education?

THE CHAIRMAN: Well, the Minister of Education certainly feels very strongly that we should fight very hard to muster support and exercise influence on them to retain this programme. They feel that prior to 1961 or whenever it was set up, the whole thing was just neglected and that you can make tax points and transfers available, that is one thing; but to actually have a programme which is a functioning programme which receives attention



of its own kind and which is treated in its own kind, they feel this is a more assured way of getting on with the job.

MR. STEVENSON: Mr. Chairman, I think the other strong point that the Department of Education people make, is that if you had tried to split education from training then the Federal Government, because it has a certain area all of its own, will be tempted to pour a lot of money in it, to the detriment of an integrated education system.

THE CHAIRMAN: Yes, they feel it has to be integrated. There may be a bit of a parody in the situation, but one of the things that could result from this is, if a man goes from high school right into a Community College, he is being educated and that is a provincial responsibility. If a man age 40 decides to go to a Community College to further his education as an adult, he is being trained and that is a federal responsibility. So you see what sort of thing they are worrying about.

DEAN LEDERMAN: Any system which is supposed to operate on distinctions without difference, is headed for the worst kind of trouble. That is what this amounts to - training, education - there is just no difference, it is semantics. You cannot run any system that way. I hope you can prevail on them.

PROF. SYMONS: This is a very good





illustration is it not, of the fact that there is surely an appropriate continuing role for the Dominion Government in education? If the Dominion Government had not thrown itself behind this entire technical and vocational programme, it would never have gotten off the ground in Canada in any province. It really is the result of the capacity of the Federal Government to take initiative.

THE CHAIRMAN: This is right, and, you know, the things I have told you this afternoon are only bits and pieces through our intelligence network and through positions of trust we have with civil servants in Ottawa, and bits that have been straggling back through our Department of Labour and back through the Department of Education; but the Federal Government has not been able to apparently pull together its Cabinet views on this, so we have been going right down to the wire without being absolutely certain what is going to happen.

On Monday this whole business will be up fresh on the plate, and I doubt if we ever get to the Tax Structure Committee when this here is set in motion. I can hear Mr. Roblin already in his finest style.

DEAN LEDERMAN: Some point can be made about the Canada Council and National Research Council, particularly in the National Research Council with the longest history, where they have all



kinds of things started that would never have been taken care of, never would have started, without Federal initiative and Federal money.

THE CHAIRMAN: I think there are certain sentiments clear on this one.

Can we carry this on to (c):

"Should all assistance to university  
"students be handled by the provinces  
"or should there be room for direct  
"Federal aid?"

I do not understand myself what this hassle about the student aid programme is really all about. Perhaps Tom Symons can unravel it.

PROF. SYMONS: I would prefer not to attempt to, Mr. Chairman. This is a rather complex technical question. I should think it would take us the rest of the day to go into it now. Are you sure you want to use the time of this Committee on this?

THE CHAIRMAN: No. I suppose in the terms in which we are interested that is a further example of the same question: Are you going to have two governments in it? I think that is the thing.

PROF. BRADY: Or are you going to increase the pool?

THE CHAIRMAN: Well, yes.

PROF. SYMONS: It is a good point, because I think the confusion at the present time about this



arises primarily from the fact that the programme combines student assistance from two different levels of government. It really is the best example of confusion resulting from a joint Dominion-Provincial programme. It still may be a good approach, I don't know.

THE CHAIRMAN: You end up with the two governments tending to get into conflict with each other without the essential problem being solved.

DEAN LEDERMAN: I think, Mr. Chairman, that there is a real interest there in having some kind of a unified administration of all forms of student assistance. The sources of money for it may come from two or three places, but I think the idea of what is one portable plan for residents of Ontario, the basic plan there is good.

DEAN LEDERMAN: The student is assisted in a certain way and on certain principles, and that is where all the trouble is, whether there are too many qualifications on the principles; but the basic idea that there is one plan there and he can get assistance he needs, and then this is the institution to which he wishes to go, and there he goes with his assistance - that principle is good.

Now what kind of general financing lies behind it, what kind of federal-provincial agreement lies behind it as to what the conditions of the scheme are, is another matter; but my own view is





that the prospective student award programme is on a good basic principle, it is a good idea; and if it had qualifications, things that are wrong with it in the conditions now, must and can be ironed out, and I expect most of them can be and then from the point of view of student assistance there will be something pretty good there.

On the other hand, if you have got Ottawa and the provinces in competition about student assistance, and some people get too much and others get too little, there will be no single instrument behind the scheme of dispensation.

THE CHAIRMAN: It seems as if this plan has been wrong for the right reasons. If the objectors are right, the criticism seemed to be with the method, administration, implementation.

DEAN LEDERMAN: I think (speaking very much within these four walls and for myself only) I think it needs - and this is what the students are complaining of - I think it needs more recognition of the institution of marriage, more recognition of the reality of the motor car, and of the reality of the emancipation. The young man has reached a point where he does not want to be dependent upon his parents any more, does not feel he should be, even though they are willing to continue to contribute to his education. This is the sort of thing which, if treated, I think would make it a



very good plan, and I do not think these are vital objections to the basic ideal of the plan.

This is the kind of point I am trying to make. The basic idea of one student award plan and the idea that it should be one student award plan, whatever amount of Federal co-operation lies behind it, I think is a good idea.

THE CHAIRMAN: Any other views on that one? Dick, you have raised the point about the Spinks Commission talking about the Province getting more into the field of research. If it does this promptly, and you have the Federal Government in and all the Agencies or Foundations in, I think the question then becomes very appropriate: What about mechanisms for co-ordination? Can this be done among the universities themselves? Does it have to be done by another agency which co-ordinates the co-ordinator?

DEAN DILLON: I think one significant factor is the new Science Council, the national body, for which the plans are much broader than the National Research Council. Well, perhaps the plans of the National Research Council were much broader than the actual operation of the Council, but I think certainly everyone hopes that through this Council will come some kind of a national policy for science and technology.

I think this could be done without and,



I presume, have the provinces involved in the support of research as long as there was a willingness to co-ordinate the effort.

THE CHAIRMAN: The next question is a technical sort of question, I suppose, but it is important, again, in terms of the magnitude of the problem: Should Federal Government assistance be based on actual cost or by some formula?

One of the difficulties about the new Health Resources Fund is that it makes \$500 million available to the provinces over the next fifteen years for universities, hospitals, university-medical complexes and so on, health services; but then, again if this is broken down and assessed against individual needs, it becomes a mere drop in the bucket.

We have talked in Ontario about needs for capital construction in universities being over a billion dollars in the next five years, and that there should be an open-ended shared-cost undertaking here between the two levels of government, rather than an arbitrary ceiling on some formula basis.

In a way, you know, the only way you can answer this question is simply by how far politically the Government are prepared to go.

MR. STEVENSON: Mr. Chairman, this whole question too relates to the point raised in the Ontario submission of September which we called





implicit equalization, whereby in a shared-cost programme some province whose costs are less than the national average or whose needs are less than the national average, got their per capita share of the total financing from the Federal Government.

In most cases this means that Ontario would have a smaller proportion of its total costs paid for by the Federal share than would be the case particularly in the case of the Maritime provinces but also some others, in the case of university grants; so that the Department of University Affairs assures us that you go on raising that in full by people altering tuition fees, so that the Federal grants being allocated amongst the provinces on that province's share of total population are not in a position to get a much larger amount of money per student than a province like Ontario.

Now, this may be justified as a means of bringing up the level of education in the poorer provinces and most provinces where there are smaller numbers of students. On the other hand it does not do very much for a province like Ontario which has immense immediate needs.

PROF. CREIGHTON: You are down to (d) are you among these questions?

THE CHAIRMAN: We are into (e).

PROF. CREIGHTON: Did we agree that there



was a need for a mechanism to co-ordinate research assistance?

THE CHAIRMAN: I don't think we came to any consensus.

PROF. CREIGHTON: Like the old business, you don't know where to find your co-ordinating mechanism.

DR. FORSEY: Too bad we cannot delegate a job like that to the Quebec Government. It would take their minds off their troubles.

PROF. CREIGHTON: We are down to (e).

PROF. FOX: We are really faced here, it seems to me, on all these points, with the basic problem of whether we are trying to be fair on a provincial basis and respect provincial jurisdictions and whether we are trying to concentrate our thoughts somewhat in the manner Dean Dillon suggested and make more effective use of them by linking them together where it seems to me more feasible particular extensive expenditures should be made.

I find it a little hard in my own mind in this problem to sort out the relative weights one ought to attach to these factors. I can see in some things, such as a research into nuclear physics that there ought to be a concentration of effort. Then you get something like medical research and development of good medical schools. Now, not every province -- perhaps Prince Edward Island -



has the opportunity of looking forward to having a first class medical school somewhere, at least one within its jurisdiction. I guess you could extend this maybe to the provision of dental colleges, nursing schools, I don't know; but I find it very hard to really assess this problem and give any advice on it.

I don't know whether the rest of you feel this way, but it bothers me. I do not know how to really weigh these factors. What is the equity; what is the exemption of the scale; what are the other factors we should consider? Has much thinking been done on this? Does Ontario tend to look at this purely from an Ontario point of view, or does it tend to consider national interests here, as it is in some of the previous problems where we have discussed?

THE CHAIRMAN: This is a point. I think within the provinces, for example in Ontario, the University Affairs Advisory Committee looks at the problems as a whole and attempts to take a rational approach as to where a new library school, or where a new agricultural college or veterinary college might be established.

Although this still involves the voluntary participation and agreement to some extent of the universities, there has been some experience of this in the Western provinces where they get together and





decide where the agricultural college would go among the three, and so on.

But you can extend that and say: "Should there not be more capacity to do this on a national scale, then if so, you might say it would be good for province X to have such and so graduate school or professional school; but if it implied that people had to walk great distances to it, what are the long run costs, social costs of that kind?"

I was thinking of this yesterday when I met the Vice-Chancellor of the University of Malta who was over here, and he was telling me that they have one university with seven hundred students involved, and they have a medical faculty, law faculty, school of agriculture, school of dentistry - well, the works - and seven hundred students. You can imagine the per capita overhead cost.

DR. FORSEY: That would solve the unemployment problem anyway.

PROF. McWHINNEY: And the question of the training ground in those schools.

PROF. CREIGHTON: Then if I remember rightly, it was Dean Dillon's point that what we possibly needed in Canada was a great institute of technology. Wasn't that one of your suggestions?

DEAN DILLON: That was one, yes. I think it is perhaps a matter of scale. I think what we are trying to achieve in other provinces today is to



build up to some level which we feel is absolutely necessary. I mean, I think we are appalled at the cost, but I think we are trying to achieve some level.

28           You mentioned some minutes ago about this being a crash programme. I think over and above this, supposing we do get to achieve this level in education generally, universities and colleges and so forth, I would hope that we would still have some kind of an organization which could then decide, for instance, that the University of Toronto medical school would be one great department of neurosurgery. Now, there are going to be many departments of neurosurgery, because these are necessary, but through, say, the Science Council or the Medical Research Council, they can perhaps - well, they put the icing on the cake and by spending a relatively small amount of money they assure that Canada does have the very finest facilities in this area, because it does not allow two hospitals or two universities to compete on this occasion.

          I think this is really the important part and this is the part which must be done on a national basis.

          PROF. FOX: Now, this is the extension, Dick, of the concept of control by a Department of University Affairs within a province, is it not?

          THE CHAIRMAN: For the province.



PROF. FOX: Which discourages rash developments in the same field in several institutions; or this grant method, by control through its grant?

DEAN DILLON: They are beginning to do this.

PROF. FOX: And this discourages developments and I think this makes sense; but does the A.U.C. ever take responsibility of this? Is there any national body that is prepared to say there shall be one dental school for the three prairie provinces and it will be located in Saskatchewan because it is the middle point?

THE CHAIRMAN: Not that I know of.

PROF. CREIGHTON: They would not dare to do that at the present time, but there might be a body that could.

PROF. FOX: That is what I am wondering, whether this is what Ontario ought to work towards. I am wondering whether Ontario has been able, whether educational authorities in this province have been able to think on a scale really beyond their own provincial competence. I appreciate the immensity of the problems.

PROF. McWHINNEY: S.R.C., whoever did a survey on international relations, might agree that, say, B.C. and Toronto have a Russian centre and somebody else a Latin American one, and the threat or promise was implicit in the recommendation





that Federal funds would be canalized along the lines recommended.

DEAN LEDERMAN: The countervailing consideration is the autonomy of universities and the inability to separate undergraduate from post-graduate work.

Now, I can see that where a \$10 million nuclear reactor is concerned, there can only be one or two of those in the country, but there are many fields of graduate work where you are not dealing in resources of that scale at all, and you are not going to get staff ~~for~~ hold staff or stimulate either staff or students unless there is a reasonable and widely varied graduate programme going on.

I do not think, for instance, that any law school, any department of political science, any department of economics, can afford not to get into the international implications of their subject and to get into it on a graduate level. This is necessary to doing your job as a university.

So this is the other side of the picture when you say rationalize, co-ordinate and so on, you are looking for someone with authority who says you do and you don't, and I am very much afraid of it.

PROF. BRADY: You may stifle, in other words, the very legitimate initiative of some individuals in institutions by having a central body



telling them they must not get into this.

DR. FORSEY: If you get into an area like the Atlantic provinces, it seems to need co-ordination; whereas if you get a lot of "tinpots" I should be the last to see universities that will try to over-extend themselves. I am very uneasy, for example, about Memorial going in for a whale of a lot of graduate work in Newfoundland. I think it would be better perhaps to steer clear of it except in specific fields where they have special needs and special facilities, like Dalhousie.

PROF. FOX: Do you not always need, Mr. Chairman, some sort of prior thinking and the arrival at some conclusions on the rationale of the problem before you can take a very significant stand on some of these issues you are raising for our consideration?

THE CHAIRMAN: Well, I think so. You know, it seems to me that the report that was done recently by Duff which concentrated largely on whether there should be faculty members in Boards of Governors, it seems to me this was the less pertinent question of the moment. It seems to me the most important question is the relationship between the Government and the universities, for the reason Bill mentioned; and also the question on how you treat these questions that we have raised against a stranger university set of values



and concern in a national context.

DEAN DILLON: This is what Forsey was dealing with more, is it not?

DEAN LEDERMAN: I would like, for instance, I suppose, what Dean Dillon has named as a Canadian equivalent of M.I.T. or the California Institute.

DEAN DILLON: I think there are two things here. When I was talking about the Departments of Neurosurgery, I believe this kind of excellence can be obtained without a sort of actual authority. For example, the National Research Council has achieved excellence in certain areas simply by gathering together groups of scientists who decide where the money is going to go, and these people decide that the money will go to the best people.

DEAN LEDERMAN: But these are themselves people who because of the autonomy of their respective universities, have been free to develop and made their mark or are making their mark and can be recognized by this government agency because there has been an autonomy there which permits them to develop.

DEAN DILLON: That is what I mean, but it is not an authority; it is a natural process of the best man being supported. This business of the one or two institutes of technology, this is a need





which has been expressed by several people, and this would require massive amounts of money. If there were one built in Ontario and Ontario built it, this would be fine, I suppose, but I am sure that Quebec would feel there that there should be one, and the Western provinces would be doing the same thing.

DEAN LEDERMAN: My question here was about M.I.T., what is the history of it? The Federal Government in the United States did not found M.I.T.

PROF. FOX: But you have such a massive accumulation of private funds available in the States for this kind of thing, and I do not think there is much value in trying to compare the American experience with Canada.

DEAN DILLON: We would have to create something over night which there has developed over the past hundred years and which represents a tremendous capital investment which has grown relatively slowly.

DEAN DILLON: Yes, I can see if you are going to do it quickly, it is a governmental operation of some kind, but you are into the whole problem of priorities about government business.

PROF. McWHINNEY: There is no question, if you look at the area where the M.I.T. or its equivalent has grown up, Massachusetts, California, they are essentially areas where there is a large scale industrial concentration; and it would be logical that Quebec and Ontario should each start one.



I suppose the country could support two such institutes.

I could also see in other areas, for example social science and international relations, where an inter-provincial body could well decide and allocate priorities among each other in terms of university development.

I do not think it is administratively difficult to do ~~that~~ as a provincial operation as distinguished from doing it as a federal thing. Of course you can do it as a federal operation, but I think you can do it as a Federal-Provincial one if you have finances.

I was interested in this international relations report, because you people undoubtedly wine and dined the committee very nicely. They happened to say your Faculty had the best library in the country.

THE CHAIRMAN: It is the only committee secretary of the Faculty in that case.

DEAN LEDERMAN: I have no public statement to make at this time.

PROF. McWHINNEY: But where things developed, there was a certain obvious rationality about where research concentrations would develop. I think, even though it was a very biased report for the reasons I mention, there is a good deal of objective truth in the recommendations. I would be



confident about handling this provincially if we decided in terms of our policy we wanted to encourage the return of the educational field to the provinces.

29           PROF. FOX: Does anybody know, for example, how this \$500 million medical melon is to be cut?

          THE CHAIRMAN: They cut off \$25 million to begin with and assigned that to the Atlantic provinces as a little special fund. Then there is \$475 million for overall, and that will be carved up by what in effect could develop into an institutional arrangement of this kind: each provincial government with a representative of its Minister of Health on, and they are trying to allocate that fund according to some rational basis of where the need lies and where the specialization should develop. Then the province, presumably, makes its own arrangements.

          In our case, there is a co-ordinating committee of the Deputy Minister of University Affairs, the Deputy Minister of Health and a third person, and this in turn is carried back in Ontario to the Committee on University Affairs. So that they are trying to evolve through building up to this top technical advisory committee, some rational basis of the allocation of that fund.

          MR. STEVENSON: Is it not so, Ian, that there are \$300 million of the fund, is it not just





split amongst the provinces on a per capita basis?

THE CHAIRMAN: \$300 million on a per capita basis, and the other \$175 million is there for disposition on a national basis.

PROF. FOX: Is that on a per capita basis?

MR. STEVENSON: Yes. Ontario with 34 per cent of population would get 34 per cent of the \$300 million.

PROF. FOX: What is P.E.I. to do? It has not got a medical school. What do they do about the medical portion?

THE CHAIRMAN: The fear was that if you did it this way and gave Prince Edward Island \$10 million and they said: "Now we would like to build a school of hydrotherapy. Would you match this with another \$10 million so that we can do it", you get again a distortion of values.

PROF. BRADY: Another monument for Confederation?

DR. FORSEY: Frank McKinnon would love it, wouldn't he?

THE CHAIRMAN: To keep us moving, on question (f) I think we said something about it in earlier context, and Tom had some views to offer. I do not know if there are any other points of view about the role of the Federal Government in post-secondary education, in order to take account



of not only university but community colleges, technological institutes and what-have-you.

PROF. CREIGHTON: Well, the discussion of the previous question has indicated we feel the Federal Government might have that role. Have you got the various points?

THE CHAIRMAN: Yes. I feel satisfied myself that we have had a fairly good work-out today. We did suggest that if there were time or if there were interest, we might go on to the Quebec Committee on the Constitution, the material that was submitted to that Committee and sent out earlier in the week. I do not know if you have had it long enough to digest it. I do not know if you have the appetite to discuss it further, but I would be tempted to suggest we might call it a day.

DEAN LEDERMAN: Hear! Hear!

PROF. BRADY: You seem to have a tropical temperature.

PROF. CREIGHTON: It is very impressive.

THE CHAIRMAN: This is part of the thing.

MR. SEGUIN: I wish to make a point.

I spoke about Bishops this morning. Somebody asked me: Would it be all the Bishops? I wish to state it was the French-speaking Bishops, not the English-speaking, and there were five French-speaking Bishops.

DR. FORSEY: Setting the pace.



THE CHAIRMAN: Then we will see you at  
the next session.

--- The meeting adjourned at 3.50 p.m.

---

















